



Industry
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Industrie
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Industry Canada Performance Report



**For the period ending
March 31, 2003**

Dean Sobch

Minister of Industry

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Section 1:

Minister's Message

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

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

Since the introduction of *Canada's Innovation Strategy* in February 2002, we have worked with businesses, institutions, associations and governments at all levels to develop a consensus about what must be accomplished if the Canadian economy is to continue to excel. A number of priorities were identified during the November 2002 National Summit on Innovation and Learning, including improving the regulatory environment for businesses in Canada, encouraging the creation and commercialization of knowledge through strategic partnerships and investments, and continuing the growth of our highly skilled work force.

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

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

Industry Canada has identified five strategic objectives to guide its work: to improve Canada's innovation performance; to make Canada the most connected country in the world; to build a fair, efficient and competitive marketplace; to improve Canada's position as a preferred location for investment; and to increase Canada's share of global trade.

Industry Portfolio

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

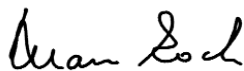
* *Not required to submit a Departmental Performance Report.*

Progress has been made on our five strategic objectives in the past year:

- We met with thousands of Canadians in communities across the country to discuss *Canada's Innovation Strategy*. More than 500 leaders from the private sector, voluntary sector, non-governmental organizations, academia and other levels of government met at the National Summit on Innovation and Learning and recommended 18 priorities as the next steps in a Canadian innovation and learning agenda. The Government of Canada has already taken action on a number of these recommendations, including increasing funding for graduate education and research in Canada; supporting the development of interdisciplinary research facilities in Regina, Toronto and Charlottetown; and committing to early action in key regulatory reviews in areas such as foreign ownership restrictions in telecommunications.
- We launched the \$105-million Broadband for Rural and Northern Development Pilot Program to provide funding to bring publicly available high-speed Internet access to Canadian communities, with priority given to First Nations, Northern, remote and rural communities.
- We worked with industry leaders to create the Canadian Automotive Partnership Council and the Shipbuilding and Industrial Marine Advisory Committee to discuss the challenges and opportunities facing those industries as well as to establish globally competitive requirements.
- We promoted the programs offered by Aboriginal Business Canada, which benefited almost 1,000 projects across the country during the year, and expanded support in the areas of tourism, innovation and youth entrepreneurship development.
- We worked with industry partners and international organizations to reach agreement on issues that are important to consumers, like consumer protection in electronic commerce and protecting consumers from fraudulent and deceptive commercial practices across borders. This helps established Canadian companies find new markets and improves the environment for global trade. In addition, Industry Canada and its partners under the Government of Canada's Cyberwise Strategy are working to protect Canadians and their children from illegal and offensive content on the Internet.

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

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



Allan Rock
Minister of Industry

Section 2:

Departmental Performance

2.1 Industry Canada's Business: Growing a Dynamic Economy

Industry Canada's aim is to help Canadians be more productive and competitive in the knowledge-based economy. To achieve this goal, the Department has set four priorities: to promote growth in **productivity**, **employment** and **income**, and to promote **sustainable development**. Progress on these priorities helps contribute to an improved quality of life for all Canadians.

Canadians enjoy a high quality of life and standard of living. Income levels are high, life expectancy is long, the population is healthy, our communities are safe and our natural environment is unsurpassed. This explains why the United Nations consistently ranks Canada as one of the top 10 countries in the world in which to live.

Productivity

Improving productivity is the most important element in improving a country's standard of living. Canada's productivity performance continues to improve. From 1997 to 2002, Canada's labour productivity growth, measured as the annual growth in gross domestic product (GDP) per worker, was the second highest in the G7, after the United States. This was a marked improvement over the period from 1980 to 1996, in which Canada had one of the lowest rates in the G7. This shift demonstrates that Canada is making progress in improving its productivity performance relative to other countries.

Employment

A high employment rate is a key element in achieving a high average standard of living. Canada has made good progress in employment growth. In fact, more than 1.5 million new jobs were created in Canada between 1996 and 2001. This was the highest rate of job growth among the G7 countries. During 2002, the Canadian economy created 560,000 new jobs — the largest number created over any 12-month period on record since 1976. At 3.7 percent, this represented the fastest rate of job growth in 15 years. Another indicator of Canada's improved labour market performance is its standardized unemployment rate, which dropped slightly from 7.7 percent in March 2002 to 7.3 percent in March 2003.

Canada's Innovation Strategy

Promoting innovation is the overarching strategy by which Industry Canada seeks to stimulate productivity growth in Canada. In order to build a world-leading economy driven by innovation, imagination and talent, Industry Canada continues to build on *Canada's Innovation Strategy*.

This past year, Industry Canada, in partnership with Human Resources Development Canada, consulted with more than 10,000 Canadians and 25 key industrial sectors on the Strategy. This extensive engagement process culminated in the National Summit on Innovation and Learning in November 2002. More than 500 people from various industrial sectors, non-governmental organizations, and provincial and territorial governments attended.

The outcome was a national work plan consisting of 18 priority recommendations. This plan sets out concrete actions, time lines and responsibility centres. It is the path forward for achieving our innovation goals.

The Government of Canada demonstrated its commitment to *Canada's Innovation Strategy* in Budget 2003. The budget committed resources for many of the recommendations made at the summit to improve the business environment, invest in the creation and commercialization of knowledge, build a skilled work force and strengthen our communities.

(innovationstrategy.gc.ca)

Income

Real disposable income per capita, which is influenced by productivity, employment growth and taxes, is also an indicator of a country's economic health. Canadians experienced a 2.3-percent annual increase in disposable income per capita between 1997 and 2001. Although our standard of living is high, the Organisation for Economic Co-operation and Development (OECD) reports that Canada's real per capita incomes have not kept pace with those of the United States. The OECD attributes this variance, in part, to the gap in productivity between the two countries. However, this difference is narrowing, which suggests that the Canadian economy is moving in the right direction.

Sustainable Development

Improving quality of life does not just mean higher incomes for Canadians. It also means integrating social as well as environmental considerations into our economic choices to ensure that Canada continues to make progress toward sustainable development. Globally, Canada's efforts toward sustainable development are being recognized. The Environmental Sustainability Index (ESI), published by the World Economic Forum, ranks overall progress toward environmental sustainability for 142 countries. The 2002 ESI ranked Canada highest among G7 countries and fourth overall (behind Finland, Norway and Sweden) in terms of the level of impact the environment has in shaping economic policies. Through the Department's Sustainable Development Strategy, 2000–03, Industry Canada remains committed to promoting the benefits of sustainable development to industry, as well as integrating sustainable development practices in departmental operations. The Strategy has three main objectives: productivity through eco-efficiency, environmental technologies and integrating sustainable development into decision making. Industry Canada works with many stakeholders to advance innovative sustainable development initiatives related to these objectives.

Achieving Industry Canada's Goals

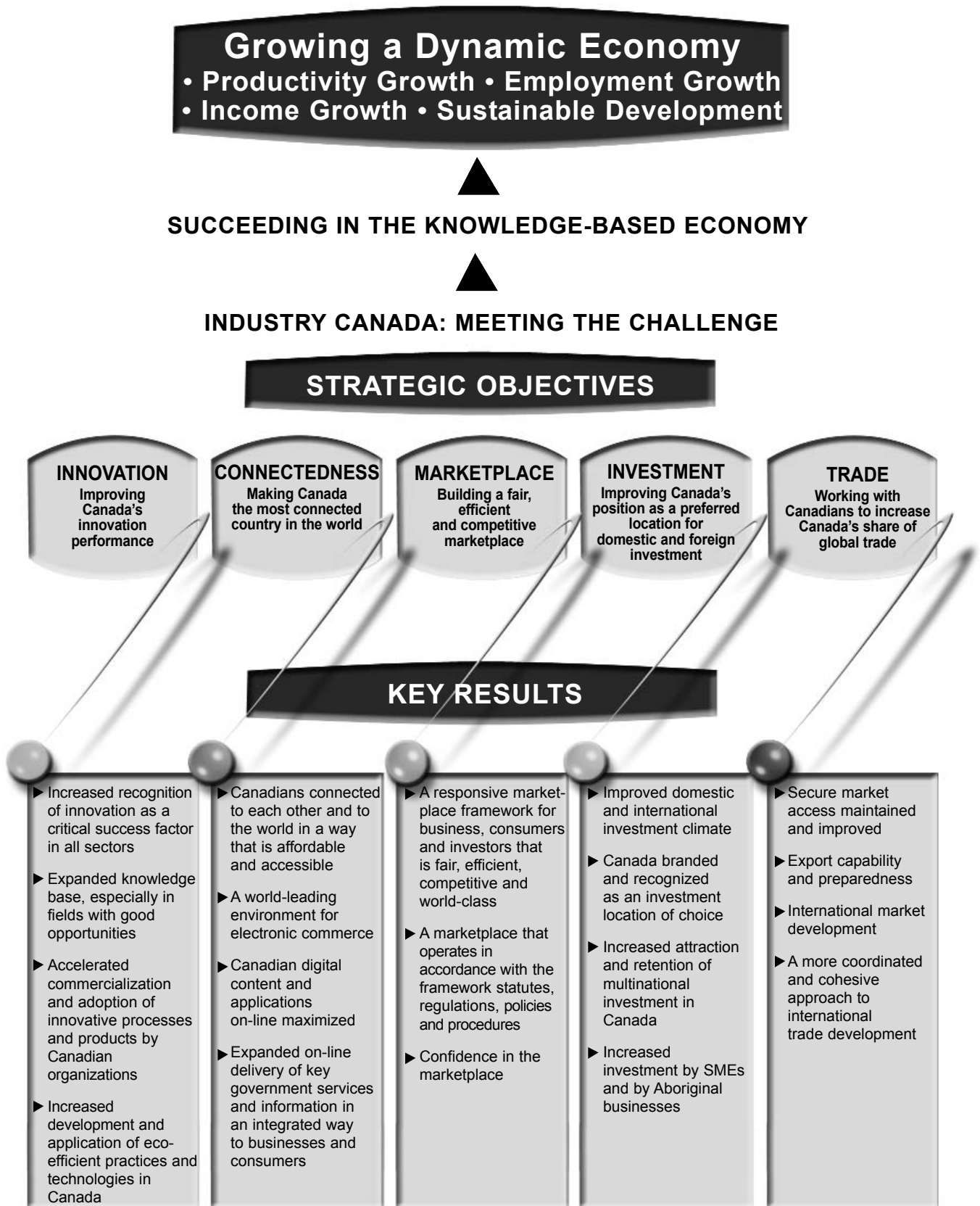
Industry Canada's strategy to improve performance in its four priority areas noted above is to work to achieve its five strategic objectives: innovation, connectedness, marketplace, investment and trade. Each of these strategic objectives reinforces the goals of the other four in encouraging growth in our economy (*see Industry Canada Priorities Chart on page 6*).

Industry Canada's management practices support the Department in achieving its strategic objectives. Whether in terms of creating an exemplary workplace, ensuring that the Department's programs are run efficiently and effectively, or supporting the Government of Canada's Government On-Line initiative, Industry Canada's corporate organizations play an important role in ensuring that the Department continues to adopt modern management practices. Industry Canada is actively engaged in implementing Modern Comptrollership, both at the departmental level and at the sector and branch level. Through all of its management initiatives, Industry Canada works to deliver results for Canadians. Detailed information on the Department's achievements for each of these management priorities can be found in section 2.6 of this report.

Key Partners

- Members of the Industry Portfolio
- Industry sectors
- Universities and colleges
- Other government departments
- Provincial/territorial and municipal governments

2.4 Industry Canada Priorities Chart



2.5 Performance Accomplishments

This section highlights Industry Canada's accomplishments for each of the five strategic objectives: innovation, connectedness, marketplace, investment and trade. These accomplishments allow the Department to make progress toward achieving its goals, and reflect the outputs and outcomes of the activities to which the Department committed in previous Reports on Plans and Priorities.

INNOVATION

Innovation refers to both the creative process of applying knowledge and the outcome of that process. Increasing innovation performance will ultimately result in an increase in productivity, a key element of a dynamic economy. In order to improve Canada's innovation performance, we face a number of basic challenges. First, we need to increase knowledge creation, either through research and development (R&D) or knowledge created by others. Second, we must commercialize or employ that knowledge by building on it to the benefit of Canadian firms. Third, we must ensure that there are enough highly skilled people to participate in the innovation economy. Fourth, the innovation environment must be improved by modernizing our business and regulatory policies. Finally, we must strengthen our communities and support innovation at a local level to ensure continued investment and opportunity.

In terms of overall innovation performance, Canada ranks lower than many of the world's leading economies. However, our performance has shown significant improvements in relation to that of other G7 countries, and in some areas we are outpacing our major competitors. For example, according to the OECD, during the past two decades, Canada achieved the fastest rate of growth in the number of workers devoted to R&D, external patent applications and business expenditures on R&D. Our country's spending on R&D as a percentage of GDP increased to 1.94 percent in 2001 from 1.62 percent in 1998. This placed Canada fifth among the G7 and twelfth among the 30 OECD countries.

Industry Canada continues to make efforts to improve Canada's innovation performance. *Achieving Excellence: Investing in People, Knowledge and Opportunity*, the Department's contribution to *Canada's Innovation Strategy*, sets out 15 targets to help ensure that Canada becomes one of the most innovative economies in the world. Since the release of *Canada's Innovation Strategy*, extensive consultations have taken place, culminating in the National Summit on Innovation and Learning. The 18 priority recommendations that emerged from the Summit further refine the path to be taken by governments, the private sector and universities to achieve the goals of *Canada's Innovation Strategy*.

In order to achieve its objective of improving Canada's innovation performance, the Department has identified a number of key results commitments (see *Industry Canada Priorities Chart on page 6*). Results achieved by Industry Canada are reported for each key results commitment.

Improving Canada's Innovation Performance

Estimated financial resources allocated during 2002–03 to improve Canada's innovation performance were \$397.6 million.

Accomplishments by Key Results Commitment

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

The first step to increasing Canada's innovation performance is to create awareness of the importance of innovation. This is done through information sharing, as well as through research into the nature of innovation, and its impact on economic growth.

The Department has greatly improved the sharing of information on innovation between federal, provincial and territorial governments. Numerous federal/provincial/territorial consultations on *Canada's Innovation Strategy* at both the deputy ministerial and ministerial levels have resulted in increased awareness of mutual innovation priorities and identification of gaps and opportunities. *Canada's Innovation Strategy* is now widely accepted as the way forward on growing the economy and improving the quality of life for Canadians.

Without knowing how innovative we are, we cannot measure our progress toward a more innovative economy. To address this issue, the Department published a regional analysis of innovation performance, as well as *Trends in R&D, Patents and Other Measures of Innovation*. These investigations have helped to improve understanding of innovation in Canada, and identify emerging trends in some of the key measures of innovation. Furthermore, they have laid the foundation for an upcoming international comparison of Canada's innovation performance, which will be conducted by an independent third party. One of the key challenges will be to find appropriate indicators that provide meaningful comparisons of Canada's innovation performance over time with other countries.

The Government of Canada must have access to first-rate, non-partisan policy advice on science and technology (S&T) and innovation. With the reactivation of the Prime Minister's Advisory Council on Science and Technology (ACST), the government has taken a positive step in obtaining this expertise. The council is chaired by the Minister of Industry, and Industry Canada's Deputy Minister serves as the Secretary of the Council. Areas of study for the ACST include skills, commercialization of research and international S&T. To ensure high quality policy advice, members of the council have been drawn from a range of business and academic leaders.

Expanded knowledge base, especially in fields with good opportunities

Knowledge and skilled individuals are the basic ingredients of innovation. By increasing knowledge, and helping to increase the number of skilled workers in Canada, Industry Canada is increasing the innovative capacity of the Canadian economy.

Budget 2003 provided new resources to support research and innovation. Funding the indirect costs of research allows universities to commit more of their resources to discovery, rather than administration. By its very nature, R&D, like any investment, carries an element of risk. However, these investments are necessary if we are to reach Canada's target of ranking among the top five countries in the world in terms of R&D performance. The budget also increased funding for the

Role of Canadian Colleges and Universities

Institutions of higher learning play an integral part in R&D and innovation in Canada. During 2002-03, the Department negotiated a framework agreement between the Minister of Industry and the Association of Universities and Colleges of Canada. This agreement commits the university community to double the amount of research it does, and triple its commercialization performance. By advancing knowledge and commercialization, this agreement will ensure that investments in research generate social and economic benefits for Canadians.

granting councils for northern science and the National Research Council Canada (NRC) technology centres. New funds for the granting councils will enable more research to be undertaken, and provide advanced training to the next generation of innovators, researchers and entrepreneurs.

Four technology roadmaps (TRMs) were completed during 2002–03, for the marine and ocean, fuel cell, lean logistics and intelligent buildings industries. TRMs provide a mechanism for Canadian companies to make more accurate predictions of future market demands, and the technologies and skills needed to meet those demands. This type of strategic intelligence can be extremely valuable for focussing the resources of Canadian industries and helping them to strive for increased innovation, competitiveness and market share. The Fuel Cells TRM, for example, identifies how Canadian companies, institutions and governments can plan their investment decisions, industrial development activities, and research and educational programs to accelerate the commercialization of fuel cells and hydrogen technologies, which hold significant potential for environmental benefits and economic opportunity. Because the latest TRMs have only recently been published, it will take time to understand their ultimate impact. The first five years of Industry Canada's Technology Roadmapping Initiative have underscored the difficulty of managing such a complex process with many players involved, as well as the challenges associated with the implementation stage — the launching of R&D projects.

Skills and human capital are at the heart of an innovative economy. Industry Canada has completed surveys and consultations with the Canadian information and communications technology (ICT) sector and universities in India and Russia. The Department has also conducted surveys on other key sectors with regard to their skills requirements. This work has been used and will continue to be used to inform the overall Government of Canada agenda on the immigration of skilled workers, the existing work force and new entrants to the labour market. Specifically, these and other initiatives have allowed the Department to influence several ongoing federal skills-related initiatives, including the creation of re-invigorated roles for the industry sector councils and the establishment of the Canadian Learning Institute to promote knowledge and information exchange among all stakeholders.

To reach the knowledge performance target of becoming one of the top five countries in terms of R&D performance by 2010, we will need to at least double the number of research personnel in our current labour force and foster a strong "management class."

*—Achieving Excellence: Investing in People,
Knowledge and Opportunity
(www.innovationstrategy.gc.ca)*

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

Investments in R&D must also provide an economic benefit through commercialization. New ideas yield the highest return when new and innovative products and services can be brought to market. However, when measured against our competitors, Canada commercializes new ideas and adopts innovative solutions at a slower rate.

Small and medium-sized enterprises (SMEs) help stimulate innovation and contribute to employment growth. Therefore, providing SMEs with the help they need to grow is a top priority. The Communications Research Centre Canada's (CRC) Innovation Centre has been working with SMEs in the ICT field to get new products off the ground. The CRC provides companies with access to testing facilities and equipment, as well as licences to its technologies. During 2002–03, the CRC assisted 40 companies in developing new products and services through technology transfer licences. This support enabled SMEs in the telecommunications sector to more rapidly commercialize their intellectual property.

Industry Canada provides funding to Precarn Incorporated, a not-for-profit, national consortium of corporations, research institutes and government partners working to develop intelligent systems. This year, Precarn managed 30 research projects, and supported and managed a university-based program of research and technology transfer. For example, during 2002–03, significant progress was made on an intelligent bleaching systems project, which was designed to reduce the amount of chemicals used by pulp mills. A second demonstration system was established at Syncrude in Western Canada, involving intelligent systems for a pipeline infrastructure reliability project.

Through *Canada's Innovation Strategy*, Industry Canada promotes innovation efforts in all regions to maximize the returns that can be realized from the creativity that exists in every corner of the country. For example, the Federal Economic Development Initiative for Northern Ontario (FedNor) made an investment of \$5 million in the \$12.9-million Discover Abitibi geoscience project. This is a collaborative, community-led effort involving the mineral industry, local community stakeholders, academia and three levels of government. The project is applying new and world-class technologies and applications to stimulate mineral exploration and discovery. It is also intended to strengthen applied R&D capacity in the Timmins and Kirkland Lake areas.

Technology Partnerships Canada

During 2002–03, Technology Partnerships Canada (TPC) approved investments in R&D of more than \$430 million in 120 projects. These are expected to leverage more than \$1.37 billion in additional investments. Approximately 92 percent of TPC investments were in SMEs. Examples include the following:

- more than \$29 million in 81 projects through TPC's partnership with the NRC's Industrial Research Assistance Program (IRAP) in support of SMEs;
- more than \$241 million in 10 sustainable development-related projects, including alternative fuels, energy efficiency, renewable energy, emission reductions and improved waste-water treatment systems; and
- more than \$5 million in 11 aerospace and defence supplier development program-related projects.

TPC investments help to attract risk capital, funding that makes all the difference in developing an idea and bringing products to the marketplace. Examples include the following:

- A recent \$9.9-million investment in Zenon Environmental of Oakville, Ontario, has allowed the company to patent new water filtration technology, leading to \$15 million in new sales orders.
- fSONA Communications Corporation of Richmond, British Columbia, leveraged additional investments of \$9.5 million as a result of TPC's \$9.9-million investment, despite difficult market conditions.

(tpc.ic.gc.ca)

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

Eco-efficiency is a management strategy aimed at doing more with less. It emphasizes efficiency and continuous improvement in all aspects of business operations. Companies that adopt eco-efficient practices and technologies can expect productivity and environmental improvements, as well as stronger innovation performance. Many of the initiatives to increase the uptake of eco-efficiency were undertaken within the framework of Industry Canada's second Sustainable Development Strategy.

The Environmental Supply Chain Management pilot project was launched to heighten SME awareness of energy efficiency, climate change issues and eco-efficiency. The project encourages broader participation by SMEs in various initiatives to track, more effectively manage and ultimately reduce their greenhouse gas emissions. As a result of the project, business will be introduced to more efficient production processes and technologies. The pilot project is still in its infancy but, thus far, has recruited two host companies, Shell and Suncor, which have engaged their supply chains in greenhouse gas reductions. The willingness of other participants to adopt new practices and technologies will determine the ultimate success of the

program. Along with the host companies, five suppliers attended a workshop focussed on climate change and energy efficiency. Following the workshop, the suppliers participated in advisory services from the Pembina Institute to further develop and begin implementing their greenhouse gas reduction strategies. One supplier has registered an action plan with the Voluntary Challenge and Registry, publicly reporting on their tracking and measuring of greenhouse gas emissions. Other host companies will be included during the current fiscal year, and the original host companies will be expanding their supplier participation (vcr-mvr.ca).

Industry Canada was one of the partners in the eco-efficiency partnership. The partnership was created to assist manufacturing SMEs in British Columbia to become more competitive by increasing process efficiency. The aim is to enable manufacturers to use less energy, water or materials to produce the same amount of product, thereby cutting costs and becoming more competitive. One Vancouver-based company is realizing more than \$60,000 in annual savings, from an initial investment of \$20,000, due to reduced water consumption and discharges (scbc.org/eep).

Corporate Sustainability Reporting

Corporate sustainability reporting is an important element in the implementation of eco-efficiency and other sustainable development practices and tools. Corporate sustainability reports describe the “triple bottom line” of a company’s economic, social and environmental performance. Providing enhanced accountability to stakeholders through sustainability reporting helps firms to enhance business value, improve internal alignment and capacities, and strengthen external relationships.

Industry Canada, in partnership with other federal departments, delivered two workshops to the private sector on sustainability reporting, helping firms to increase their capacity in terms of preparing sustainability reports. These initiatives have contributed to an increase in the number of firms producing sustainability reports: from 79 in 2002 to 99 in 2003.

CONNECTEDNESS

Connectedness is at the foundation of the knowledge economy and society. One of the government's most fundamental objectives, therefore, is to continue to foster an environment of excellence in which all Canadians can take advantage of the benefits of the information age in order to more effectively develop and share their talents, skills and ideas. Canada has long been at the forefront of providing its citizens with affordable access to an advanced information and communications infrastructure and the skills necessary to fully reap the benefits of the information age.

Making Canada the Most Connected Country in the World

Estimated financial resources allocated during 2002–03 to make Canada the most connected country in the world were \$218.9 million.

When compared with other advanced nations, Canada is currently among the leaders in connectedness. According to the Conference Board of Canada's 2001 Connectedness Index, Canada ranks second after the United States, for the third consecutive year. The United States leads in availability and pricing, while Canada has taken the lead for both reach and use of information and communications technologies (ICTs). Canada also has a significant lead in the deployment of broadband — a technology that can facilitate productivity and growth, as well as technological innovation. In addition, according to a study by Accenture, a world-leading management consulting and technology services company, Canada ranked first in providing electronic access to all federal government programs and services.

Industry Canada is the lead department delivering the Connecting Canadians initiative (connect.gc.ca), the Government of Canada's vision and plan to make Canada the most connected country in the world. The foundation of this vision rests on three pillars of a networked nation: **Infrastructure**, **Use** and **Content**. The Department continues to make strides to develop the broadband infrastructure to ensure that all Canadians, regardless of location or income, have access to the Internet.

In order to achieve its objective of making Canada the most connected country in the world, the Department has identified a number of key results commitments (*see Industry Canada Priorities Chart on page 6*). Results achieved by Industry Canada are reported for each key results commitment.

Accomplishments by Key Results Commitment

Pillar I: Infrastructure

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

Achieving Excellence states that an advanced ICT infrastructure, ICT skills and digital literacy are critical factors required to support, and contribute to, an innovative economy. Collectively, these factors have an impact on, and ultimately determine, Canada's ability to compete in the global marketplace. All Canadians must be able to access an affordable, world-class information and communications infrastructure, regardless of their geographic location. However, many rural and remote communities still lack advanced communications infrastructure, which ultimately contributes to a loss of economic and social opportunities and promotes a digital divide. Industry Canada's regional offices fulfil a critical role in ensuring regional delivery and community awareness of the Connecting Canadians programs.

Through programs such as the Broadband for Rural and Northern Development (BRAND) pilot program, Industry Canada supports the private sector in leading the deployment of advanced

information and communications infrastructure in Canadian communities — especially those affected by the digital divide, such as First Nations, Northern, rural and remote communities. The BRAND pilot program, launched in September 2002, forms part of *Canada's Innovation Strategy* and contributes to fulfilling the commitment to ensure the availability of broadband access in Canadian communities by 2005. Broadband infrastructure and access are the foundation on which Canadian communities and companies can build and deliver new applications and services in areas such as health, education and commerce. There has been an impressive uptake of the BRAND pilot program in communities across Canada. Following completion of the pilot phase of the program, an evaluation will be conducted and next steps will be proposed to the Minister of Industry.

To continue Canada's leadership role in ensuring equitable access to the Internet and increasing the digital literacy of Canadians, the Government of Canada allocated an additional \$30 million in Budget 2003 to Connecting Canadians flagship programs, the Community Access Program and SchoolNet. As part of their activities, these programs will continue to connect First Nations schools and students, support public access to the Internet and place refurbished surplus computers in schools.

In its continuing efforts to bring the opportunities and benefits of the Internet and ICTs to the K–12 education system, SchoolNet partnered with Telesat, education stakeholders and other federal government organizations to undertake the Multimedia Satellite Trials Pilot Project. This project brings high-speed communications, via satellite and the CA*net3 experimental fibre optics network, to 13 select rural and remote Canadian K–12 schools. These schools were able to interact, collaborate and share their innovative projects and leading practices. Phase I of the pilot, the trials, was completed in June 2003. Phase II, the evaluation of the impact of broadband access on teaching and learning, is currently under way. SchoolNet will review the results and any recommendations from this evaluation to consider future initiatives that support *Canada's Innovation Strategy*.

To accommodate broadband growth across Canada, Industry Canada released 3.5 gigahertz wireless spectrum as a new spectrum alternative for the provision of broadband services. To achieve this, Industry Canada negotiated with the United States for critical priority spectrum for national security purposes as part of the NATO/NORAD (North Atlantic Treaty Organization / North American Aerospace Defense Command) commitments. These negotiations were critical to ensure the continued safety and security of all Canadians and Americans.

One of the key objectives of *Canada's Innovation Strategy* is to increase the capacity of Canadian research institutions to conduct high-level research. In support of this objective, in 2002–03, CANARIE, Canada's advanced Internet development organization, and third-party delivery agency for Industry Canada, deployed CA*net4 (Canada's national research and innovation network). The deployment and operation of CA*net4 provides Canada's research and

Community Access Program

Community Access Program (CAP) sites in Vancouver's Downtown Eastside have improved the quality of life of many individuals by providing them with affordable (mostly free) and convenient access to the Internet. Success stories have resulted from individuals accessing a range of information on such issues as supportive housing for persons with disabilities, employment opportunities and training, and benefiting from on-line support groups.

Between February 2001 and March 2003, Industry Canada provided the Downtown Eastside Residents' Association with a total contribution of \$272,000 for 19 CAP sites. Under this agreement, the residents' association provides an in-kind contribution equivalent to \$448,000.

The CAP sites also allow other departments and other levels of government to reach residents in this area. For example, the Vancouver Coastal Health Authority has a street campaign, Targeting Infectious Diseases, in the Downtown Eastside.

(cap.ic.gc.ca)

education community with access to a national research network with 14 Points of Presence (or GigaPOPs). There is one GigaPOP or access point for each province, a Federal GigaPOP in Ottawa, and three in the United States, which provide international connectivity. CA*net4 is a valuable resource that provides Canadian researchers and educators with the opportunity to collaborate and facilitate significant research activities with colleagues across the country and around the world. In addition, the CRC also contributes to R&D through Canada's only critical mass of researchers and facilities dedicated to R&D on the technologies that form the basic telecommunications systems across Canada. Over the past year, the CRC has advanced research in broadband and multimedia satellite communications. For example, digital terrestrial television was applied to provide access to Internet and multimedia services in remote and rural communities in Canada. This technology provides the possibility of an affordable solution to access, as it is based on widely available consumer electronic equipment.

Pillar II: Use

A world-leading environment for electronic commerce

Canada's goal is to be the most connected country in the world, and to provide a world-leading environment for e-commerce and the use of ICTs. E-commerce applications and systems are enabling access to new global markets and revenues, lowering transaction and distribution costs, increasing consumer choice, and improving product support and the availability of relevant information. Among many businesses and consumers, there is still a lack of awareness of the advantages of e-commerce. In particular, government and the private sector have demonstrated that, although business connectivity among Canadian enterprises grows steadily, there is a need to accelerate the adoption of e-business practices by SMEs.

To address this challenge, Industry Canada's Student Connections program provides cost-effective e-commerce and Internet training designed to meet the evolving needs of Canadian companies. Through its E-Commerce First Step suite of services, the program helps SMEs adopt innovative business practices and pursue new on-line markets. During 2002–03, Student Connections trained more than 22,000 clients, exceeding its target by 47 percent. Of clients recently surveyed, 82 percent stated that they received practical instruction that improved their use of information technology. Training is delivered by post-secondary students in information technology related fields, who also develop practical technology and business experience and skills. The program also offers Internet training to Canadian seniors, supporting their use of the Internet for government information and on-line transactions, thereby helping to bridge the digital divide.

Complementing the broad reach of Student Connections, eCorps, a pilot initiative for 2002–03, provided 41 four-month internships in SMEs to young information technology graduates. The purpose of the internship was to develop an e-business project in order to take advantage of new e-business opportunities. Results of the pilot show that 88 percent of SMEs that participated in the pilot demonstrated measurable advances in the company's e-business capability. As an added benefit, 58 percent of interns were hired by their SME or found permanent information technology employment elsewhere.

SourceCAN

SourceCAN, Canada's national e-marketplace, is a secure, Web-based business portal that provides organizations with business opportunities and the tools and services needed to conduct business on the Web. In 2002, it channelled nearly 100,000 unique business opportunities, worth close to \$900 million in awarded contracts, to Canadian companies. SourceCAN exemplifies how Industry Canada is an innovative department and a provider of world-class services to Canadians.

(sourcecan.com)

Industry Canada has continued to support CANARIE in the Phase 3 management of the Advanced Applications Development Program (AADP), which funds collaborative e-business application development projects. Among the many successful e-business AADP projects is ECCNet. ECCNet is a joint project with the Electronic Commerce Council of Canada to develop an on-line registry of product data and images for the food services, grocery and pharmacy industries. ECCNet allows trading partners to easily attain, maintain or exchange product information.

Pillar III: Content

Canadian digital content and applications on-line maximized

Canadians require a greater quantity and quality of on-line applications, collections, information and services relating to Canada and Canadians. Industry Canada has continued to foster the development of Canadian-made, innovative on-line applications and services. This includes ensuring Canadian content in all areas of the economy and society, including culture and French language, commerce, science, education and government.

The Smart Communities Program has fostered world-class Smart Communities across the country through the creation of 12 demonstration projects, representing 109 communities and more than 2 million Canadians. These communities have become centres of expertise in the integration of ICTs into community organizations and families. They have implemented e-health, e-learning, e-business, e-government and e-justice services to respond to their local needs.

A mid-term evaluation found that, at a community level, the program is catalysing community-wide planning and engagement. It concluded that more communities could improve the delivery of information and services, as well as their engagement with citizens, by building on the successful experience of the Smart Communities Program and related federal initiatives. In addition, the evaluation stated that it is likely that a three-year period is too short to fully demonstrate the transformative effects that ICT projects of this scope and complexity can have on a community, and to grow national and international opportunities for Canadian companies.

The Franccommunautés virtuelles program has funded 110 projects since 1998, which support the development of French-language content on the Internet. Under the *Official Languages Act*, the Government of Canada has a responsibility to ensure that Canadian content is available equally to Francophones and Anglophones. The Department of Canadian Heritage and Industry Canada jointly support this initiative that helps

Canadian e-Business Initiative

The Department provides secretariat support for the Canadian e-Business Initiative (CeBI). Launched in September 2002, CeBI is a private sector partnership that aims to further Canada's e-business success by focussing on productivity, leadership and innovation. For the first time, a study was undertaken and released by CeBI to measure firm-level impact of e-business adoption, illustrating what applications had the greatest ability to impact the bottom line. The study was highlighted in 12 newspapers, including the two nationals and dailies in all major Canadian cities. The report was so well received that Telus distributed copies of the report, at its own expense, to more than 8,000 of their SME clients.

(cebi.ca)

Smart Community Highlights

The Kuh-ke-nah Network (K-Net) Aboriginal Smart Community has a telehealth program that brings health care to Northern Ontario's First Nations communities. Through video conferencing, residents can "see" a medical specialist without leaving their community. Local residents are trained to communicate with doctors and patients and to carry out simple medical procedures. Some of these telehealth services are provided in community access sites. The program reduces travel time, health costs and patient stress. This program is also used in several Labrador communities, and will be duplicated in other remote areas.

(smart.knet.ca)

reduce the digital divide within Francophone communities in Canada, increases the use of Web technologies, and helps support sustainable Francophone and Acadian community development. During 2002–03, in recognition of the success of the program, the Francommunautés virtuelles program was allocated an additional \$4 million to continue the implementation of projects.

Canada's Campus Connection has improved access to post-secondary e-learning by increasing the number of courses promoted through its portal from 1,500 to 2,000. Over the past year, Campus Connection collaborated with a consortium of 18 post-secondary institutions to offer unprecedented national services for prior learning assessment, credit transfer, certification with relaxed residency, and foreign credential recognition for on-line learners. The initiative continues to evolve, focussing on improving access to skills development for Canadians in the workplace and Canadians living in rural and remote areas.

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

The Government of Canada continues to use innovative solutions to improve the delivery of programs and services to Canadians through the Government On-Line initiative (GOL). As of March 31, 2003, Industry Canada had met its accelerated GOL target of placing all key information and services on-line — two full years ahead of the Government of Canada's target (for more details on GOL progress, see www.gol-ged.gc.ca/progres/dprpts/dprpts_e.asp). The Department's 17 key on-line services provide combined information and transactional e-services for clients, such as information data base queries, on-line transactions, e-payments and authentication. The Spectrum, Information Technologies and Telecommunications Sector leads the development and provision of training for Industry Canada's Help Desk personnel to respond to requests from persons with disabilities about GOL's Common Look and Feel standards. The result is that the Department is a more sensitive and responsive source of information.

To provide improved access for Canadians with disabilities, the Assistive Technology Links Web site (at-links.gc.ca) (within the Persons with Disabilities cluster) and the Accessible Procurement Toolkit (www.apt.gc.ca) (designed to ensure that government procurement is accessible) were enhanced to reflect the Common Look and Feel requirements of the GOL initiative. These enhancements provide Canadians with disabilities, and the industries that serve them, seamless access to information on standards and the assistive technology sector.

Industry Canada's new and enhanced on-line services further improve services to Canadians. The NUANS (Newly Upgraded Automated Name Search) Report enables Canadian businesses and clients to search for business names and trademarks. With this new service, a NUANS Report can be obtained directly on-line and an end-to-end electronic filing can be completed, in real time, for the registration of new businesses through the federal incorporation process. The result is greater quality, flexibility, speed, consistency and reduced costs for clients, which maintains Industry Canada's lead in the area of e-government. In addition, spectrum licence delivery has been accelerated and has resulted in annual departmental savings that have been used to improve services to clients in other areas.

Industry Canada's Strategis Web site is a valuable and trusted source of business and consumer information that receives more than 44,000 visits per day. As a follow-up to the Strategis evaluation conducted in 2002–03, Industry Canada has implemented a new electronic publishing platform and improved its management practices. Benefits to users include improved navigation, access to more time-sensitive information and enhanced search capabilities. A number of issues arising from the departmental evaluation of Strategis are being considered, including a new governance model and funding for a further enhanced content management solution (strategis.gc.ca).

There is a need for greater coordination and linkage of services and information between various levels of government (federal, provincial/territorial and municipal). The network of Canada Business Service Centres (CBSCs) and the BusinessGateway site have continued to provide coordinated information on federal and provincial/territorial services. This year saw improvements to the Business Start-Up Assistant (bsa.cbsc.org), a CBSC-managed cluster on the BusinessGateway. As a result, visits to the improved Business Start-Up Assistant more than doubled in 2002–03, with the average number of monthly visits increasing by approximately 90 percent. In addition, the Department has made enhancements to the search capacities of the BusinessGateway in order to improve the usability and efficiency of its on-line services, which allows clients to access relevant federal and provincial/territorial e-business information at once.

Meeting Clients' Needs

Through its partnership with the Nunavut territorial government, the **Canada-Nunavut Business Service Centre** enhanced the user-friendliness of its on-line services by adding both Inuktitut and Inuinnaqtun options; this is the only Canada Business Service Centre Web site that is searchable in a language other than English or French. The Inuktitut Web site links seamlessly with the English version and provides information in a format that meets the specific needs of Nunavut clients.

(cbsc.org/nunavut)

MARKETPLACE

A fair, efficient and competitive marketplace is the cornerstone of a healthy and dynamic economy. Canada's marketplace must contribute to an environment of confidence where the public interest is protected and the climate for investment, innovation, sustainable development and trust is enhanced. The Government of Canada's role is to create the right environment for an effective marketplace, using a balanced approach. This means establishing appropriate regulations, services and enforcement mechanisms to protect individuals, while ensuring that the regulatory framework creates a business environment that is supportive of innovation and economic growth.

In comparative terms, Canada's overall economic and administrative regulations are innovation-friendly. According to the OECD, Canada has one of the lowest levels of regulatory barriers to entrepreneurship, surpassed only by the United Kingdom. This relatively low burden gives Canadian entrepreneurs an advantage in the global marketplace and supports an innovative economy. Although much has been accomplished, we recognize that more work is needed to remain competitive.

The knowledge economy requires new approaches to how we regulate. The Government of Canada announced in the 2002 Speech from the Throne that it "will move forward with a smart regulation strategy to accelerate reforms in key areas to promote health and sustainability, to contribute to innovation and economic growth, to bolster investor confidence, and to reduce the administrative burden on business."

Industry Canada's marketplace service organizations (MSOs) contribute to ensuring that Canada's national marketplace is fair, efficient and competitive. These organizations cover a diverse spectrum of activities, including improving consumer confidence; reviewing mergers; setting and reviewing intellectual property, corporate and insolvency legislation; issuing trade-marks and patents; and ensuring that measurement practices in Canada are fair and efficient. MSOs are committed to creating a world-class business and consumer environment by working closely with stakeholders to respond to changes in the marketplace and to providing the highest level of services through a variety of channels, including on-line service delivery. They have developed a performance measurement framework to ensure that these very diverse programs continue to evolve to conform with results-based management regimes. This will enable a more holistic and strategic approach to ensure that the national and global marketplace, and its participants, are considered and engaged in making Canada's regulatory regime one that is world-class.

In order to achieve its objective of building a fair, efficient and competitive marketplace, the Department has identified a number of key results commitments (*see Industry Canada Priorities Chart on page 6*). Results achieved by Industry Canada are reported for each key results commitment.

Building a Fair, Efficient and Competitive Marketplace

Estimated financial resources allocated during 2002–03 to build a fair, efficient and competitive marketplace were \$152.4 million.

Marketplace Service Organizations

- Canadian Intellectual Property Office
- Competition Bureau
- Corporations Canada
- Marketplace Framework Policy Branch
- Measurement Canada
- Office of Consumer Affairs
- Office of the Superintendent of Bankruptcy Canada
- Spectrum, Information Technologies and Telecommunications Sector

Accomplishments by Key Results Commitment

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

Continuing globalization and the rapid pace of technological change have created significant challenges for our regulatory frameworks. The Government of Canada's Smart Regulations initiative will help shape a new approach to how and what we regulate, to protect the public interest and provide Canada with a strategic edge in the global marketplace. To ensure that the regulatory regime responds to the economic and social needs of Canadians, individuals and business will continue to be valued participants in its design and operation.

Through regular review of the laws and regulations of the marketplace and through consultation with stakeholders, Industry Canada ensures that the marketplace framework continues to be modern and responsive. The Department undertakes policy and scientific research and development to ensure that Canada's legislative framework meets the needs of its clients.

A study entitled *North American Electricity Restructuring for Canadian Policies: Factors Affecting the Competitiveness of Major Canadian Power Users* was undertaken and provides a better understanding of the impact of the deregulation of energy (electricity) on relevant regional markets. As a result of the study, Industry Canada was able to increase awareness across the private sector of how deregulation influences the roles and actions of those in the private sector involved in making decisions.

In assessing the need to modernize Canada's patent regime, the Department conducted research on the patenting of multi-cellular inventions, including the benchmarking of Canada's patent regime with those of other G7 countries.

Consultation with stakeholders ensures a responsive marketplace and facilitates the implementation of new legislative and non-legislative initiatives. Industry Canada sought the views of stakeholders to reform the *Canada Corporations Act*. Hundreds of individuals from across Canada participated. Their views will be used to develop proposals for a new not-for-profit corporations act — one built on the principles of flexibility, transparency and accountability. The Department also continued its efforts to reform Canadian copyright legislation. Through extensive, nationwide consultations held in partnership with the Department of Canadian Heritage, Canadians' views on creating a copyright framework for the 21st century were sought. Issues relating to Internet-based retransmission were addressed in *An Act to Amend the Copyright Act* (Bill C-48, later reintroduced as Bill C-11), which received Royal Assent on December 12, 2002. A statutory report that describes the major issues to be addressed in reforming the *Copyright Act*, and that proposes an agenda for future policy and legislative work, was tabled in Parliament.

MSOs also consult with stakeholders on potential partnerships and voluntary codes that can be adopted to maximize benefits to consumers at a lower cost to government and business through less prescriptive regulation. One such initiative is the Scanner Price Accuracy Voluntary Code (strategis.gc.ca/epic/internet/incb-bc.nsf/vwGeneratedInterE/ct02381e.html). The Competition Bureau has endorsed this code in partnership with retail associations such as the Canadian Association of Chain Drug Stores and the Consumer Association of Canada. The code states that, if the scanned price of an item is higher than the shelf price or any other displayed price, the customer is entitled to receive the item free, up to a \$10 maximum. This has resulted in a decrease in complaints to the Competition Bureau.

Industry Canada also ensures that stakeholder views are represented to Parliament. After extensive public consultations, the Department completed a report on the *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act*. The report was presented by the Minister of Industry to the Standing Senate Committee on Banking, Trade and Commerce to

assist the Committee in the statutory review of these two acts (strategis.gc.ca/epic/internet/incilp-pdci.nsf/vwGeneratedInterE/cl00678e.html). The report summarizes the issues identified by stakeholders, through extensive consultations (e.g. Personal Insolvency Task Force [PITF]), such as those concerning administrative policy issues, and commercial and consumer insolvency.

Industry Canada funded an OECD peer review of regulatory reform in the telecommunications sector in Canada. The published report was based on consultations with Canadian industry members and consumer groups, in addition to the scrutiny of OECD member countries. It concluded that “Canada is one of the leading OECD countries in terms of its performance in the telecommunications sector. Its best practice performance is largely due to its regulatory processes and frameworks and policy structures.” Indicating the significance of this international recognition by the OECD, evidence from the peer review was considered by the Standing Committee on Industry, Science and Technology as they reviewed Canada’s foreign investment restrictions in telecommunications.

Other stakeholder concerns about the regulatory burden are taken into account in the operations of MSOs. For example, the regulations for the certification and approval of telecommunications and radiocommunication equipment were streamlined, bringing equipment to market up to six months faster and with significant cost savings to manufacturers. Although these changes led to improved efficiency of the marketplace by reducing the regulatory burden, there were challenges in making the transition from a pre-market surveillance to a post-market surveillance structure.

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

The evolving marketplace, economic fluctuations and deregulation are among some of the many factors that require the continual review of services, interventions and tools used by MSOs to ensure that the marketplace operates fairly and effectively. Setting the rules of the marketplace is not enough. MSOs are proactively modernizing the services provided to clients, and the tools used to detect, prevent and deter fraudulent, unfair and deceptive behaviour.

Over the past year, MSOs worked to improve compliance and ensure the effective enforcement of the various marketplace statutes and legislation. Corporations Canada implemented an audit program to improve compliance with filing requirements under the *Canada Business Corporations Act*. Enforcement measures included a dissolution program to dissolve corporations that failed to file their annual returns. These programs resulted in increased compliance of audited corporations and a better appreciation on the part of Corporations Canada of the reasons for non-compliance, allowing it to improve its compliance activities.

Enforcing Marketplace Rules

The Competition Bureau has undertaken a targeted enforcement campaign against cross-border anti-competitive cartels. With the assistance of antitrust agencies in other countries and the Department of Justice Canada, the Competition Bureau has been successful in obtaining sentences to pay fines in numerous cases. The following are two examples:

- Nippon Gohsei Industries Ltd., based in Japan, was sentenced to pay a total fine of \$100,000 for its part in a price-fixing and market-sharing agreement that affected Canadians through higher prices paid for food preservative ingredients. Benefits to consumers as a result of this case are about \$7.4 million.
- Degussa AG was sentenced to pay a total fine of \$2.5 million, Lonza AG was fined a total of \$1.1 million, and Nepera Inc. and Reilly Industries, Inc. were fined \$240,000 and \$35,000, respectively. An individual, Dr. K. Sommer, was fined a total of \$150,000 for his role in this price-fixing and market-sharing agreement that affected Canadian consumers of vitamin B3. Benefits to consumers as a result of this case are about \$141 million.

There was a challenge in avoiding delays in many of these cases due to confidentiality requirements within each jurisdiction. To address this challenge, the Competition Bureau is working to improve the coordination and exchange of information with other jurisdictions on antitrust matters.

(cb-bc.gc.ca)

In order to ensure the effectiveness of enforcement activities, MSOs actively pursue and engage in partnerships with other jurisdictions. For example, the Competition Bureau launched a formal investigation in partnership with the U.S. Federal Trade Commission and the Australian Competition and Consumer Commission. The focus of the investigation was misleading representations made by Thane Direct Canada Inc. (Thane), manufacturers of Abtronic, a muscle electro-stimulation device. The result of this investigation led to a consent agreement in which Thane agreed, among other things, to cease the sale and marketing of the Abtronic, to pay an administrative monetary penalty of \$75,000, and to reimburse any unsatisfied consumers for the cost of the product. Several thousand consumers are expected to benefit from this reimbursement. This approach also avoided the high cost of court proceedings.

“The Canadian Corporations Directorate’s [Corporations Canada] Electronic Filing Centre allows businesses to file various documents (such as incorporation or annual returns) electronically. The executive is offered the convenience of filing from the office or from home 7 days a week, 24 hours a day. On-line submissions reduce delivery costs by eliminating traditional delivery expenses and delays. In addition, immediate acknowledgement of filing is received, as electronic submissions enable the Corporations Directorate to offer expedient processing with either same-day or next-day turnaround. These advantages are further supplemented by a financial incentive, because the fee for on-line filing for federal business incorporation is \$200 rather than the regular fee of \$250.”

Accenture,
The Government Executive Series,
eGovernment Leadership: Engaging the Customer,
April 2003.

Through enforcement actions, MSOs also ensure the proper use of the telecommunications and radiocommunications infrastructure in Canada. One program, the Protocol Analysis Lab, has been developed, in close cooperation with the United States, to evaluate the vulnerability of Canada’s telecommunication infrastructure to malicious cyber attacks. In addition, Industry Canada has implemented a strategy in response to a Supreme Court of Canada decision on the *Radiocommunication Act*. This decision confirmed the prohibition of unauthorized decoding of foreign and Canadian satellite programming. This multi-faceted approach, developed in partnership with other government departments and the broadcasting industry, will ensure enforcement of the act in order to end signal piracy and grey market activities, which are estimated to cost more than \$400 million to the broadcasting industry on an annual basis.

MSOs actively review and improve their service delivery to respond to marketplace needs. In response to a need to resolve radio interference, the Spectrum, Information Technologies and Telecommunications Sector has developed the Spectrum Explorer. This program, composed of advanced spectrum monitoring equipment, has attracted both national and international interest for spectrum surveillance activities.

Keeping Children Safe on the Internet

Industry Canada is committed to preventing the on-line sexual exploitation of children. Cybertip.ca, a Web site and hotline operated by Child Find Manitoba, was launched this year through the efforts of Industry Canada, in partnership with the Department of Justice Canada, the Department of Canadian Heritage, law enforcement officials, the private sector and non-profit groups. This service allows the public to report potentially illegal content and activities on the Internet, such as child pornography and luring (the misrepresentation of identity on the Internet for sexual purposes).

(cybertip.ca)

In April 2002, Industry Canada, along with the RCMP, Scouts Canada, the Department of Canadian Heritage and Transport Canada, launched Be Bright, Think Right, a national child safety program designed to educate children about Internet safety, bullying, school bus safety and tolerance.

(scouts.ca/bbtr/ba.html)

These programs meet commitments under the Government of Canada’s Cyberwise Strategy (The Canadian Strategy to Promote Safe, Wise and Responsible Internet Use).

Business processes are also reviewed to identify inefficiencies. For example, the Canadian Intellectual Property Office (CIPO) was able to significantly reduce its turnaround times for the issuance of trademarks from 16.3 months to 12.3 months, as a result of streamlining business processes, staffing and training.

The Office of the Superintendent of Bankruptcy Canada successfully undertook a number of initiatives regarding trustee compliance. It worked in partnership with the Canadian Association of Insolvency and Restructuring Professionals to completely restructure the National Insolvency Qualification Program, which trains candidates for eligible trustee licences and issued 35 new trustee licences. In addition, the Office of the Superintendent of Bankruptcy Canada conducted 283 monitorings of trustee practices and some 30 trustee audits, and undertook two additional conservatory measures to protect in excess of 5,000 bankruptcies and insolvency estates from fraud. These measures all helped to ensure that the integrity of the insolvency system was safeguarded and that the rights of creditors and debtors continued to be protected. Finally, the Office of the Superintendent of Bankruptcy Canada pursued its efforts to assert the Superintendent's constitutional right of jurisdiction to discipline trustees.

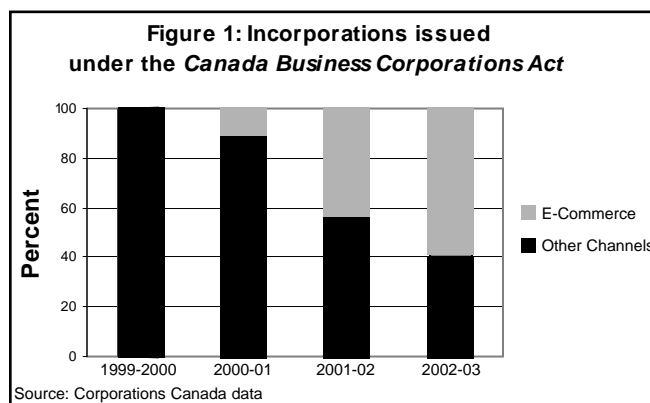
In early December 2002, the Office of the Superintendent of Bankruptcy Canada launched Phase I (e-filing for summary bankruptcies) of an e-filing system that will facilitate the filing of all documents by the trustee community, thereby affording Canadians a more efficient and effective system. By March 31, 2003, 175 bankruptcy trustees across the country had signed on, and were e-filing such documents with the government. The Office of the Superintendent of Bankruptcy Canada's e-filing system uses business rule-based processing to eliminate the need for human intervention for most of the files, as well as a risk-based approach.

Since the inception of e-commerce in December 1999, on-line incorporations issued under the *Canada Business Corporations Act* have increased from 11 percent in 2000–01 to 60 percent in 2002–03. The success can be attributed to same-day incorporation services, user-friendly on-line forms and secure payment in a 24-hour-a-day, 7-day-a-week service environment (see *Figure 1*).

Furthermore, the adoption of a client-centred approach also contributed to the success of the on-line filing. In October 2002, Corporations Canada received a GTEC bronze medal, in the category of Innovative Cross-Jurisdictional

E-Government Projects, for the Joint On-line Registration Pilot with the Ontario, Newfoundland and Labrador, and Nova Scotia governments. The Joint On-line Registration Pilot offers clients the opportunity to incorporate federally and register provincially in one on-line session.

CIPO succeeded in its application to the World Intellectual Property Organization (WIPO) to become an International Searching Authority and International Preliminary Examining Authority (ISA/IPEA), effective July 2004, joining the ranks of only 10 offices in the world that offer these services. Concerted efforts were required to acquire WIPO's approval of ISA/IPEA, one of which was to significantly increase the productivity capacity of the Patent Branch in response to record numbers of requests for examination. As an ISA/IPEA, CIPO will be able to provide clients with greater access to the international patent system by helping them to acquire patent rights worldwide.



Confidence in the marketplace

As Canadian consumers grapple with the growing complexity of the marketplace, they have a greater need for reliable information to help them be more confident, better protected and more effective in the marketplace. Confidence in the marketplace is essential in attracting investment, fostering innovation and providing a climate in which consumers and business are well informed.

The Canadian Consumer Information Gateway (consumerinformation.ca) assists in meeting these needs by significantly improving public access through a single-window entry to consumer information. Over the past year, an evaluation of the Canadian Consumer Information Gateway took place to assess the site's effectiveness. The evaluation showed that the site compares extremely well with similar portals from the United Kingdom, the United States and Australia. Best practices were noted in the areas of currency of information, client needs assessments, strategic partnerships and governance. The findings of the evaluation were reinforced by the receipt of the Head of the Public Service Award for Excellence in Service Delivery — Service Transformation.

Building on the success of the Canadian Consumer Information Gateway, and in response to Canadian consumer demands to simplify the complaint process, the Complaint Courier was launched in June 2002. This powerful on-line tool educates consumers on their rights and responsibilities, and provides guidance on how to contact a business and effectively voice a complaint. It automatically channels complaints to the appropriate agency.

In light of the significant consolidation in the distribution segment of the grocery industry and the ongoing complaints regarding alleged anticompetitive activities in this Canadian sector, the Competition Bureau consulted stakeholders from the grocery industry, trade associations, academia and members of Parliament, as well as three independent economists, before finalizing and publishing its *Information Bulletin on the Abuse of Dominance Provisions (Section 78 and 79 of the Competition Act) as Applied to the Canadian Grocery Sector*. Canadians now have the necessary tools to better understand how the Competition Bureau could apply the abuse of dominance provisions.

“The document that was released by the [Competition] Bureau, in our opinion, demonstrated that the Bureau has the regulatory tools to deal with any issues that may or may not come up within the industry, so there is no need for special provisions related to the grocery industry within the *Competition Act*.”

Canadian Council of Grocery Distributors,
Canadian Grocer,
February 2003.

INVESTMENT

Investment is a key component of the Government of Canada's strategy to create jobs for Canadians, build wealth for the country and position Canada for growth in the future. Higher investment levels lead to higher productivity and hence higher living standards for all Canadians.

Studies show that foreign firms investing in Canada raise our country's productivity and contribute to higher capital investment. Foreign affiliates contribute about 34 percent of all R&D in the critical manufacturing sector, promoting innovation and aiding the development of Canada's knowledge-based economy.

Canada is well integrated into the globalized economy. From 1990 to 2001, inward foreign direct investment (FDI) stock relative to GDP in Canada grew by 10 percentage points to reach 30 percent. This measure of Canada's orientation toward foreign investment was second only to the United Kingdom among the G7 countries, and more than double that of the United States.

Over the last 12 years, Canada's inward FDI stock increased more than two-and-a-half times — from \$131 billion in 1990 to \$349 billion in 2002, nearly two-thirds of which came from the United States. During this period, outward FDI from Canadian companies grew by more than four times, to reach \$432 billion in 2002.

While Canada has done well in raising its absolute level of FDI, its relative share of North American FDI has declined considerably in the past decade — from 21 percent in 1990 to 12 percent in 2001. Reversing this trend and marketing Canada to foreign investors is a serious challenge that will require the active participation and cooperation of all levels of government and the active participation of private industry.

Industry Canada continues to work in partnership with other federal departments, provinces and territories, and industry to improve the investment climate and market Canadian advantages more effectively to potential investors. Industry Canada also works to strengthen the ability of Canadian communities to provide the infrastructure necessary to create investor-friendly locations. The goal is to establish Canada as a location of choice within North America for international investors.

In order to achieve its objective of improving Canada's position as a preferred location for domestic and foreign investment, the Department has identified a number of key results commitments (*see Industry Canada Priorities Chart on page 6*). Results achieved by Industry Canada are reported for each key results commitment.

Improving Canada's Position as a Preferred Location for Domestic and Foreign Investment

Estimated financial resources allocated during 2002–03 to improve Canada's position as a preferred location for domestic and foreign investment were \$296.5 million.

Investment Priority Sectors

By identifying and targeting priority sectors for investment, Industry Canada and its partners have been able to develop sector-specific marketing and communications strategies.

Industry Canada's investment priority sectors are

- information and communications technologies;
- life sciences;
- aerospace and defence;
- automotive industries;
- energy technologies; and
- chemicals.

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

(investincanada.gc.ca)

Accomplishments by Key Results Commitment

Improved domestic and international investment climate

To continue to improve Canada's investment climate, real and perceived impediments to investment need to be addressed. To meet this challenge, the Department consults with Canadian industry and foreign multinational enterprises, analyses key investment climate issues, and advocates key policy and regulatory changes. A wide range of issues has been identified by potential investors, the majority dealing with health, tax and environmental regulations. As a result, Investment Partnerships Canada (IPC), a joint initiative of Industry Canada and the Department of Foreign Affairs and International Trade (DFAIT), published a policy advocacy report showing the impact of regulations on the investment climate. The results of this report will be considered by the External Advisory Committee on Smart Regulation as it develops a new approach for regulation in Canada.

To ensure that Canada's investment policies are world-class, Industry Canada sought a parliamentary review of the restrictions on foreign investment in telecommunications. The review aimed to answer the question: How can Canadians secure access to a larger capital pool for investment in new and improved telecommunications infrastructure without compromising their national sovereignty policy objectives? To support the review, Industry Canada released a discussion paper outlining the key issues and identifying questions to be considered. The parliamentary review was completed with the issuance of a report in April 2003, and served to provide a better understanding of the complexities of the issues regarding foreign investment restrictions in telecommunications. In response to the Committee's report, Industry Canada will be preparing a recommended Government of Canada response for fall 2003.

In addition, the Department completed an evaluation of the accomplishments of the *Investment Canada Act* since its inception in 1985. Industry Canada also completed an analysis comparing the Act with the regimes of investment review in other countries. This will allow the Department to assess the efficiency of Canada's investment review regime and benchmark it against that of other countries.

Investing in an Improved Quality of Life

The Canada–Ontario Infrastructure Program (COIP), the Ontario component of the Infrastructure Canada Program, allows the federal government to make a significant impact on the quality of life of Ontario citizens. Although the program's main priority is water and waste water municipal infrastructure, it also invests in sports, culture, tourism, transportation and innovation.

Between April 1, 2002, and March 31, 2003, the program announced 205 approved projects, for a Government of Canada contribution of more than \$400 million. In all, by fiscal year-end, 381 projects had been announced since the launch of the program, representing a federal investment in excess of \$525 million, or more than 75 percent of the federal allocation. The COIP investment is expected to leverage in excess of \$1.5 billion in capital investment commitments in the province, increasing to more than \$2 billion by the time the program winds down in 2006.

In 2002–03, the program's funds were committed at a rapid pace, and it became necessary to close the nomination process during summer 2002.

(www.ic.gc.ca/coip-pico)

Canadian Automotive Partnership Council

Industry Canada worked with industry leaders to create the Canadian Automotive Partnership Council (CAPC), an industry-led council that includes the CEOs of Canada's five assemblers, major parts companies, the president of the Canadian Automotive and Aerospace Workers Union, academia, and the industry ministers of the federal, Ontario and Quebec governments.

CAPC's goal is to improve the competitiveness of the industry and identify opportunities for future innovation and investment.

CAPC held its inaugural meeting on September 4, 2002, and set up five working groups (fiscal/investment policy, innovation, trade infrastructure, human resources and regulatory harmonization).

Canada branded and recognized as an investment location of choice

Achieving Excellence identifies one of the Government of Canada's main priorities as being the marketing of Canada as a great place to invest. To increase business awareness and consideration of Canada as a preferred investment destination, Industry Canada, through IPC, has implemented a strategic marketing program focussed on geographic and sector targets. This has allowed Industry Canada to leverage resources across a number of organizations and target potential investors with consistent marketing efforts. This approach led to greater and better federal coordination of investment promotion and to consistent messaging to foreign investors.

Industry Canada and IPC have been actively promoting the KPMG business studies (1997, 1999, 2002) that found Canada to be the most cost-effective location for starting up and operating a business. According to the 2002 study, *Competitive Alternatives: Comparing Business Costs in North America, Europe and Japan*, Canada averaged a 14.5-percent cost advantage over the United States. As the overall lowest-cost country for conducting business, Canada offers distinct and compelling advantages to global firms seeking the best location in which to invest, establish or expand their operations.

Canada's attractiveness as an investment location is yielding positive results. Canada's investment stock increased dramatically from \$131 billion in 1990 to \$349 billion in 2002, with two thirds of investment coming from the United States.

Increased attraction and retention of multinational investment in Canada

Industry Canada worked with various partners to attract and retain increased multinational investment through coordinated and targeted investment campaigns. For example, work with the private sector at the domestic and international levels facilitated strategic alliances and promoted investment through the Deputy Ministers' Investment Champion campaign led by IPC. Re-investment by multinational firms operating in Canada is also important.

To promote this by identifying opportunities for greater collaboration and cooperation, Industry Canada, through IPC, initiated research on re-investment/retention programs run by various industrial sectors, other departments, provinces, territories and municipalities. A number of multinational firms already operating in Canada announced new investments in the automotive, aerospace, ICTs and chemical industries, among others.

New investments in aerospace and defence included the creation of a \$10-million venture capital fund by Boeing and the establishment of Turbomeca. In the automotive sector, there was more than \$5 billion in re-investments by assemblers in Canada, and two assemblers agreed to new parts sourcing programs which will see \$2.9 billion in supply opportunities for parts manufacturers.

Successful round tables were organized in priority markets and a number of sectors, including automotive, aerospace, ICT, chemicals and life sciences. The round tables provided opportunities to create stronger partnerships and better coordination among the interested parties, including the public sector (at the federal, provincial/territorial and municipal levels), non-governmental organizations (e.g. universities, research institutions) and the private sector. In addition, bilateral planning meetings between IPC and the provinces, territories and regional development agencies led to greater coordination of investment promotion efforts, resulting in a more informed and coherent approach.

ICT Investment

The ICT Clusters Web site provides a geographic and sectoral overview of the ICT industry in Canada, organized by areas of activity. The Web site, a collaboration between ICT and local partners, communicates to investors about the strengths of each ICT region across the country. Each cluster includes an industry profile, company information, descriptions of research and educational institutes, and support organizations. These are organized by city/region and technology.

(strategis.gc.ca/ictclusters)

Increased investment by SMEs and by Aboriginal businesses

In order to develop capacity at the community level and to help address a financing gap, FedNor provided investment fund capital to Community Futures Development Corporations (CFDCs) in Northern and rural Ontario. In 2002, the CFDCs provided \$41 million to more than 1,000 businesses, leveraging an additional \$57 million in investments from other sources and creating or maintaining more than 4,750 jobs. In addition, a new memorandum of understanding signed with the Business Development Bank of Canada will ensure that an additional \$15 million will be available for Northern small businesses wishing to expand into innovative areas.

Understanding and knowledge of the Canadian venture capital market and of the availability of venture capital in Canada are limited. To improve this knowledge, an intergovernmental working group has been established. This joint federal/provincial/territorial working group is examining different aspects of risk capital markets, including angel investments and venture capital, and is expected to report on its findings in fall 2003. This work will help in developing new policy options to further support and increase access to risk capital for Canadian SMEs.

Aboriginal Business Canada (ABC) is helping to foster the growth of Canada's Aboriginal business sector by providing financial assistance and business support to Aboriginal entrepreneurs and organizations located in urban, rural and remote communities, in all parts of the country. In 2002–03, the program supported more than 950 business projects, with investments leveraging nearly \$70 million.

Building on its successful track record, ABC received an additional \$10 million per year in Budget 2003, bringing its annual operating budget to \$39 million. The program's Access to Capital initiative — delivered in partnership with Indian and Northern Affairs Canada — was extended for an additional two years. ABC's \$700,000 investment in the Interest Rate Buydown component leveraged more than \$26 million into the Aboriginal economy. According to the 2000 Statistics Canada report *Failure Rates for New Canadian Firms*, the overall survival rate of Canadian SMEs was 65.2 percent.

ABC's emphasis on commercial viability when screening applicants, as well as the additional business support provided by the program, enhanced the survival rates (69.8 percent) of those businesses supported. Furthermore, ABC introduced new enhancements to its program, making it easier for entrepreneurs to benefit from its assistance, while optimizing service delivery. Now, more than ever, ABC is well positioned to promote entrepreneurial skills and job creation among Aboriginal people.

Canada Small Business Financing Program

The purpose of the Canada Small Business Financing (CSBF) Program is to improve access to financing for the establishment, expansion, modernization and improvement of SMEs in Canada.

In 2002–03, more than 11,000 loans to SMEs generating almost \$1 billion in investment were registered under the CSBF Program. For the same period, more than 50 capital leases, representing almost \$8 million in investment, were registered under the newly developed Capital Leasing Pilot Project.

(strategis.gc.ca/sc_mangb/smallbus/engdoc/sbla.html)

TRADE

The primary goal of the Government of Canada's trade strategy is to increase domestic employment and wages in order to attain an overall higher standard of living for all Canadians. An estimated one out of every four jobs in Canada is linked to success in the export market. In addition to generating revenues, trade improves efficiency and productivity as firms develop or adopt new technologies and embrace new managerial methods resulting in new, high-quality jobs. Linkages between investment, science and technology, innovation and trade build a strong foundation in international business development.

Working with Canadians to Increase Canada's Share of Global Trade

Estimated financial resources allocated during 2002–03 to work with Canadians to increase Canada's share of global trade were \$32.2 million.

Since 1990, Canada's exports of goods and services have shown nine consecutive years of exceptional growth, reaching a record level of \$482.7 billion in 2000. Exports accounted for 41 percent of Canadian GDP. For the second year in a row, however, Canada has experienced a decline in its exports of goods and services, edging down 2.4 percent in 2001 and 0.6 percent in 2002 to reach \$468.5 billion (*Fourth Annual Report on Canada's State of Trade*, DFAIT). This decline can be attributed in part to the trade impacts of geopolitical uncertainty and the downturn in the economy of the United States, Canada's largest trading partner. In addition, Canada's rank, seventh in the world, is being threatened by competition from China. Both countries now account for 4.3 percent of world exports; however, China's exports are growing at a faster rate.

Industry Canada is one of the founding members of Team Canada Inc. Team Canada Inc is a partnership of more than 20 federal departments and agencies that work together to provide programs and services to strengthen the capacity of Canadian companies to succeed in exporting, to promote Canadian goods and services in foreign markets, and to do so collaboratively with all levels of government and the private sector.

In order to achieve its objective of working with Canadians to increase Canada's share of global trade, the Department has identified a number of key results commitments (*see Industry Canada Priorities Chart on page 6*). Results achieved by Industry Canada are reported for each key results commitment.

Accomplishments by Key Results Commitment

Secure market access maintained and improved

Industry Canada, in partnership with DFAIT, has an important role to play in reducing barriers in key international markets, ensuring continued and efficient access to existing markets, and modernizing our shared border. A recent World Trade Organization (WTO) review of Canada's trade policies and practices served to reinforce Canada's image as an open and competitive economy as well as a good place to invest and do business. It also recognizes Canada's leadership in supporting a rules-based trading environment.

The Government of Canada's priority is advancing trade liberalization at the multilateral, regional and bilateral levels, while promoting and defending Canadian trade interests. Industry Canada plays an important role in international trade negotiations by consulting with industry and stakeholders and in formulating and presenting Canadian negotiating positions. The following are examples of negotiations in which Industry Canada has been involved:

- Trade in services is an important contributor to Canada's export success, with service exports accounting for more than 12 percent of total exports and growing at a faster rate than goods exports. Because of the importance of services, negotiations under the WTO

General Agreement on Trade in Services (GATS) are vital to support the success achieved to date. Based on consultations with stakeholders, Canada made requests to more than 50 countries for improved access to their markets. Canada also made public the market access commitments it is willing to make in Canada's services sector in exchange for greater access to foreign services markets. These positions were developed as part of ongoing WTO negotiations on the GATS.

- Under the Free Trade Area of the Americas (FTAA), Canada tabled initial offers in the areas of investment, services, market access for goods and services, and government procurement. Negotiations for both the FTAA and GATS are scheduled to conclude in 2005. As negotiations progress, opportunities for more targeted, ongoing consultations will arise.
- Canada and the European Union (EU) have committed to work towards a unique wide-ranging bilateral "trade and investment enhancement agreement" that, in combination with the anticipated results of the WTO Doha Development Agenda, would extend beyond a classical free trade agreement by focussing on new generation trade issues.

Harmonization Leads to Commercial Opportunities and Canadian Security

Industry Canada and the U.S. government have worked together to harmonize new spectrum resources for a range of radiocommunication requirements. New priority spectrum has been allocated for public safety, radiolocation and national security. Also, new spectrum has been opened for licence-exempt consumer products and broadband wireless access. The harmonized spectrum continues to benefit consumers with new wireless products and services, provide new avenues for Canadian business to develop and to market innovative communications products and services, and enhance the safety and security of Canadians by ensuring that priority spectrum resources are available for critical radio facilities. The commercial spectrum will also support significant telecommunications infrastructure investment by and in the private sector, in addition to increased telecommunications revenues.

The importance of services to the Canadian economy is understood; however, information on services is not as extensive as that relating to goods, and it is challenging to collect. In an effort to address the knowledge gap, Industry Canada convened a round table of experts on the New Economy and Service Policy Research Issues, which resulted in the articulation of an agreement on priority issues where further research was required. As priority issues are addressed, more relevant data and economic analysis will be available to better help Industry Canada and others formulate a forward-looking policy research agenda in support of the service sector. Policy makers also will have better tools to identify barriers to trade and facilitation options.

The United States remains Canada's most important trading partner, with more than 80 percent of Canada's exports going to this market. Industry Canada continues to play a key role in advocating and supporting initiatives that ensure and enhance the development of a seamless and secure border through the Smart Border initiatives.

Industry Canada pursues opportunities to reduce international barriers; however, the removal of internal barriers to trade is also important. The Department is working to achieve consensus with all provinces and territories on provisions to include Crown corporation procurement in the Agreement on Internal Trade (AIT). Implementation would extend coverage of the Procurement Chapter to Crown corporations, adding \$20 billion of annual procurement to the \$45 billion already covered by the AIT. In addition, Industry Canada is participating in a review aimed at streamlining, clarifying and extending the scope of the provisions in the Procurement Chapter of the AIT.

Export capability and preparedness

In a May 2003 survey entitled *Canadian Attitudes Toward International Trade*, 84 percent of individuals surveyed indicated that one of the government's top priorities relating to international trade should be to provide business, particularly SMEs, with services and advice to help them export.

The core services of Industry Canada's International Trade Centres (ITCs) involve working closely with potential and new exporters to increase their awareness of the benefits and mechanics of exporting, and helping them build their export capacity. ITCs reached more than 31,800 clients through missions, seminars and workshops held to explain the benefits, opportunities and mechanics of exporting.

The events were targeted to SMEs:

44 percent of participants had fewer than 9 employees, and a further 37 percent had between 10 and 99 employees. Based on client feedback from surveyed events, 82 percent of the participants were sufficiently interested in the subject that they would be seeking more information; 54 percent reported they would change the way they export in light of the information they received. Recognizing that it would be beneficial to the Department to determine the longer-term impact of these events, Industry Canada is exploring how follow-up with exporters might be conducted.

Export-related information is also made easily available through the Team Canada Inc 1-888 Export Information Service. Operated by the Canada Business Service Centres, the service answered more than 15,000 trade-related calls in 2002–03. Inquiries related to tariffs and logistics (36 percent), how to start exporting (24 percent) and financing (14 percent) represented the top three categories of information required by Canadian businesses.

International market development

Experienced Canadian exporters continually seek to increase or diversify their exports. Industry Canada supports the work of the Trade Team Canada Sectors (TTCSs). The TTCSs are the key vehicles to coordinate national trade development planning and implement trade activities in high-performance sectors. Teams include representatives from private companies, industry and professional associations, and the federal and provincial governments. This partnership allows industry to guide the government's planning process, ensuring government efforts are aligned with industry priorities, and lead to a more coordinated, integrated and efficient process through the leveraging of human and financial resources.

The TTCSs organized, in part or in whole, more than 100 trade missions and other trade-related events. In spite of limited resources, results are positive.

Approximately 90 percent of the surveyed participants indicated that the initiatives allowed them to access new markets and maintain or enhance their presence in foreign markets. Eight percent of respondents reported having made on-site sales in excess of \$500,000 and 15 percent identified more than 10 strong business leads.

Trade Team Northern Ontario Mission to Atlanta

FedNor launched a Trade Team Northern Ontario mission to Atlanta, led by the Secretary of State. Eighteen Northern Ontario businesses and organizations participated in the mission. A total of 120 business-to-business meetings were held, resulting in approximately \$280,000 in contracts, with further business deals expected.

Based on the success achieved on this mission, similar missions will be conducted to further help SMEs from Northern Ontario enter the U.S. market.

Strengthening International Market Development

The Industry Sector led a mission to China in September 2002. Building upon a similar mission the previous year to Japan, it strengthened our understanding of China's economic and business environment and its challenges; identified specific partnership, investment and export opportunities; and provided background to develop action plans for specific sectors in the Asian market.

At the same time, Industry Canada is making important contributions toward branding Canada as a leading supplier of superior goods and services. The Brand Canada program was introduced to raise the profile and improve the image of Canada at key international trade shows. Benchmark surveys were delivered at selected events to evaluate the effects of the Canadian Pavilions on the foreign audience. Surveys indicate that efforts are having a positive impact. Below is an example:

Industry Recognizes Efforts

The ICT Trade Team Canada Sector received a citation at the 2002 Minister for International Trade Awards for the extraordinary assistance it provided Nortel in securing a \$23-million contract for the sale of switching products to the Bangladesh Telegraph and Telephone Board.

- At Americana 2003, a pan-American Environmental Technology Trade Show and Conference, 56 percent of foreign visitors said that they would definitely (22 percent) or probably (34 percent) engage in a new business relationship with a Canadian company as a result of their visit, and 75 percent of those who already maintain a business relationship with a Canadian company said that their relationship would probably (42 percent) or definitely (33 percent) be enhanced as a result of their visit. After viewing the Canada Pavilion, foreign visitors' perception of Canada as a leading-edge country with superior products and services increased by 14 percent and their perception of Canada as a modern and dynamic industrial nation increased by 9 percent.

The Sustainable Cities Initiative (SCI) continues to be a success story for Canada in encouraging the development and diffusion of environmental and enabling technologies that produce long-term economic and environmental benefits for target markets. More than 675 Canadian firms, government and non-governmental organizations are participating in the SCI in seven countries. As a pilot project launched in 1999, the SCI provided a framework for the identification of almost \$3 billion worth of partnership projects between Canadian organizations and participating municipalities abroad. The projects range from full-scale sustainable waste management systems, to stormwater/sewage master plans or expansions, tourism initiatives, telecommunications, energy management and urban transportation. With the announcement of Algiers and Dakar as new partner cities, the SCI is expanding to include nine partner cities, providing new cooperation and trade opportunities, improved access to market development and trade opportunities for Canadian organizations. An added benefit is that strategic alliances are being formed, expanding international networks and enhancing Canadian capacity to successfully respond to international business opportunities even beyond the SCI.

A more coordinated and cohesive approach to international trade development

Industry Canada remains a committed member of Team Canada Inc, working with a network of team members to bring programs and services to the exporting community. TTCSs continue to be the most important vehicle to bring together a diverse range of stakeholders to develop a coordinated approach to trade development in key industry sectors, including aerospace and defence, automotive, bio-industries, building products, electric power equipment and services, environmental industries, health industries, ICTs, oil and gas equipment and services, plastics, and service industries. Industry Canada leveraged an estimated \$9 from its TTCS partners for every dollar it invested in the teams' activities. This leverage illustrates the commitment of the partnerships to combine resources to achieve strategic goals.

In the regions, Industry Canada works with Regional Trade Networks (RTNs) to help business clients while recognizing specific regional needs. RTNs are loosely structured organizations with federal/provincial/ territorial organizations, with some including municipal and private sector membership. RTNs are key to coordinating the many different players involved in trade, to

provide clients with single-window access. Increasingly, RTNs are focussing on areas outside of large urban centres. Industry Canada undertook the first-ever survey of all RTNs to determine their commonalities, their differences and their needs. Based on the results of this survey, the Deputy Ministerial Committee on International Business Development acknowledged the importance of the work of these organizations and is looking at sustainability models for supporting sustainable RTNs.

Prince Edward Island — Trade Teams Mean Business

Trade Team P.E.I. attributes its success to collaborative planning, organizing and executing events that contribute to increased exports from P.E.I. One such event, organized in cooperation with the Canadian Embassy in Ireland, was a multi-sectoral trade mission to Dublin. Early results show that

- the cumulative revenues of the eight participating P.E.I. companies are expected to be more than \$4.6 million within the next two years as a direct result of new business contacts made in Ireland; and
- some 35 new jobs are expected to be created over the same period.

2.6 Government-Wide Themes and Management Issues

Modern Comptrollership

Modern Comptrollership is a public sector management reform that is about strengthening the foundations for sound decision making in order to foster innovative and modern management practices throughout the government.

Industry Canada's senior management has made a major commitment to implementing Modern Comptrollership by adopting a two-year action plan that focusses on the following priorities: values and ethics, performance measurement, risk management and risk communication, and training and professional development. Although the Department is only at the preliminary stage of implementing this important management initiative, many sectors, branches and programs within Industry Canada have successfully implemented, or are in the process of implementing, tools, frameworks and initiatives to help their employees understand and apply modern management concepts and practices.

Below are highlights of the Department's progress in implementing Modern Comptrollership:

- According to the EKOS survey *Views About Modern Comptrollership* (available at www.ic.gc.ca/mci) conducted in Industry Canada, Health Canada and Natural Resources Canada:
 - two-thirds of Industry Canada's managers surveyed indicated that they had moderate to strong familiarity with Modern Comptrollership, which suggests that the Department was successful in increasing awareness of the initiative; and
 - more than 60 percent of Industry Canada's managers saw evidence that their branches were supporting progress in a number of Modern Comptrollership areas, suggesting that the initiative is already making a difference in how business is conducted at Industry Canada.
- More than half of employees are guided by a values and ethics (V&E) statement at the sector level. Efforts are also ongoing to develop V&E statements for all sectors.

For more information on the progress and achievements of Industry Canada's Modern Comptrollership Initiative, please see the Department's first *Modern Comptrollership Annual Progress Report* (www.ic.gc.ca/mci).

Government On-Line

Industry Canada has been successful in realizing its 2003 GOL targets. All program information is now available on-line for Industry Canada's clients, and key departmental programs are delivering client-requested services on-line, as well as through traditional channels (telephone and in person). Most importantly, client satisfaction with the Department's services is very high: 65 percent of Industry Canada's services surveyed their clients and found that 45 percent are "very satisfied" and 55 percent are "satisfied." Initiatives are under way to assist key programs in enhancing their service offerings, and enable those programs to more efficiently deliver end-to-end services on-line, where possible, by 2005.

Some results of the achievement of the 2003 GOL targets are already highly visible. For example, more than 70 percent of eligible new business incorporations now use a new, joint provincial/territorial-federal service to register on-line; approval of a bankruptcy application on-line takes only a few minutes compared with one or two days through the traditional

channels; and the NUANS real-time system permits clients to generate an electronic, corporate name search report in an average of one minute, as opposed to the two days it takes using a search house — and the cost is much lower.

A new charter for the *Strategis* Web site is emerging, following a renewal process that involved an extensive evaluation and consultation effort within the Department, and with clients and stakeholders. When implemented, the new charter will result in efficiencies for the Department's electronic publishing activities, improvements in content and quality, and enhanced search capabilities.

To further its GOL goals, Industry Canada has begun to develop a strategy to integrate information management, human resources and communication. The strategy addresses business re-engineering, secure access, privacy, infrastructure and back-office redesign. As part of this strategy, Industry Canada has been selected to be a pathfinder (the first federal department to try a new service approach) for the Receiver General Buy Button. Through its cutting-edge technology and most recent improvements in secure Internet transactions, the Buy Button enables Industry Canada to electronically deliver its information, services and funding programs, including the electronic receipt and payment of funds. Industry Canada has recently implemented this service at Corporations Canada, and the client satisfaction of this service will be monitored during the fiscal year, with the anticipation of expanding to other services.

Citizen-Centred Service Delivery

Industry Canada is committed to ensuring that all of its services are focussed on its clients. This translates into service delivery that increases client satisfaction because it is accessible, connected, multichannel, seamless and integrated. The Department contributes substantially at two levels. First, Industry Canada is seen as a leader in developing a vision for the delivery of government-wide business services for the Government of Canada, in conjunction with Treasury Board of Canada Secretariat (TBS). During 2002–03, Industry Canada led the development of a Service to Business Vision and Roadmap which will help shape the broader Government of Canada Service Agenda. As part of this leadership role, the Department operates and develops key access services for business (the Canada Business Service Centres [CBSCs] and BusinessGateway). One example is the development of a new version of the CBSC Business Start-Up Assistant, which more fully incorporates provincial and territorial information. Evaluation results indicate that more than 90 percent of clients are “satisfied” or “fully satisfied,” using the common measurement tools developed by TBS. A challenge for the CBSCs is to accommodate the changing nature of assistance, which is becoming more complex as clients do basic research themselves but use telephone and in-person channels to clarify, confirm or look for more value-added services to support their business questions.

Second, the Department continuously reviews and transforms departmental service delivery through the service improvement initiative and the Department's GOL targets to meet its clients' needs. Examples include the following:

- Aboriginal Business Canada completed a business process improvement study, which resulted in a business improvement strategy. This strategy focusses on strengthening the organization's client-centred approach, using information technology as an enabler, improving risk management and decision support, and promoting knowledge management across the organization.
- The Office of the Superintendent of Bankruptcy Canada has undertaken a series of client surveys to better understand its clients' needs and expectations, as well as to measure performance against these expectations. Action plans are being developed and will be published on the Office of the Superintendent of Bankruptcy Canada Web site, once complete.

- The Spectrum, Information Technologies and Telecommunications Sector, based on client feedback, identified a need to improve the number of clients who used its Spectrum Direct services and will be addressing this need over the next fiscal year.
- FedNor has developed a three-year service improvement plan. One priority of the plan is the development and implementation of new service standards for project approvals and claims processing.
- Corporations Canada implemented an on-line, ongoing client satisfaction survey. Results of the survey showed a client satisfaction level of 93.9 percent, an increase of almost 10 percent compared with 2001–02 levels.

Developing an Exemplary Workplace

Industry Canada will support program areas through an integrated recruitment, retention and representation strategy responsive to their needs and reflective of the diverse population they serve.

Recruitment

Industry Canada continues to be committed to diversity in its hiring practices. To this end, a partnership was developed in 2002–03 between Aboriginal Business Canada and the University of Manitoba to support the development of Aboriginal students to augment hiring opportunities. Postgraduate recruitment was primarily focussed on economic graduates, and Web-based recruitment methods were successful in recruiting technical and scientific staff. A nine-month extension was approved for the Department's two-year pilot project delegated external regarding recruitment authority for technical inspectors, patent examiners, research scientists and engineers (with and without competition). This authority enables Industry Canada to conduct recruitment activity without the involvement of the Public Service Commission of Canada. The Department will be seeking a permanent delegation before the expiry date of December 31, 2003.

Retention

Industry Canada's success in delivering the programs and services that support its five strategic objectives depends on the talents, skills and motivation of its employees. For the Department to discover how employees viewed their workplace, a communications strategy was implemented to encourage staff to complete the Public Service Employee Survey 2002. As a result, the response rate increased 10 percentage points over the 1999 survey to 63 percent, which is 5 percent more than the rate for the Public Service of Canada as a whole. An advisory committee is reviewing the results of the survey and is developing options to address recommendations.

Additionally, over the past year, a comprehensive study was undertaken to identify the Department's potential vulnerabilities in terms of future attrition, as well as its capacity to respond effectively to resourcing requirements, particularly at the executive levels. As a result, a Public Service-wide competition was conducted to pre-qualify candidates for appointment to the executive cadre. In addition, the Leadership Development Program continued for those employees classified as EX minus 1 and EX minus 2. The program includes leadership training, the government framework, a 360-degree feedback process, individual coaching and the development of employee personal learning plans, and is supplemented by the departmental career counselling and mentoring programs. An annual and semi-annual senior staff committee reviews EX employees who require assignments and new appointments for developmental purposes.

Representation

Industry Canada strives to build a work force that is representative of the population it serves. Industry Canada's four Diversity Advisory Committees (Aboriginal people, visible minorities, persons with disabilities and women) are instrumental in addressing work force representation and workplace well-being issues. A renewed Employment Equity Action Plan is designed to increase devolved accountability to sectors and regions. A new departmental accommodation policy and guide to support managers in meeting their responsibilities to address accommodation needs of persons with disabilities was launched and promoted.

The Department also made progress in increasing the number of visible minorities at the executive level. For example, four new personnel who are members of visible minorities were appointed to the executive level, and Aboriginal representation in this cadre increased by two. To further increase the pool of qualified visible minority executives, an external employment equity consultancy firm was hired to develop an inventory of external visible minority candidates. This resulted in a roster of 20 individuals who have been provisionally assessed as satisfying the criteria established for new executives at Industry Canada.

As a result of current efforts, the overall representation of each of the four designated groups is above the respective, current work force availability levels. The Canadian Human Rights Commission has confirmed that Industry Canada is in compliance with the *Employment Equity Act*. In addition, visible minority representation increased from 7.8 percent as of March 31, 2002, to 8.7 percent as of March 31, 2003.

Section 41 of the Official Languages Act

Over the past year, Industry Canada has made progress toward achieving its goal regarding section 41 of the *Official Languages Act*. The goal of section 41 is to enhance the vitality of the English and French linguistic minority communities in Canada and support and assist their cultural and economic development. Examples of results achieved include the Interdepartmental Partnership for Official Language Communities, under which the Department identified 17 new projects to assist these communities, supported by contributions of \$1.4 million from Industry Canada and the Department of Canadian Heritage. This amount represents almost double the amount raised last year. These programs resulted in increased connectivity for the communities, the development of new skills and training, and additional French content on the Internet. In addition, the Department launched CommunAction, an Internet site, in response to the need for more information on economic and local development programs and services expressed by Canada's official language minority communities. CommunAction will result in increased awareness, easier access and, ultimately, greater participation in Industry Canada programs and services.

Over the past two years, intensive consultations were undertaken with respect to official languages. This resulted in the release of the Government's Action Plan for Official Languages in March 2003. A total of \$33 million over five years was approved for regional development organizations and Industry Canada to advance the action plan. The Department will initiate programs in 2003–04.

Sustainable Development

Selected Accomplishments Under the Sustainable Development Strategy 2000–03

Corporate Strategic Objective	Accomplishments in 2002–03
<p>1. Eco-efficiency</p> <p>Enhance the capacity of Canadian industries and firms to develop and use eco-efficient practices, tools, technologies and products that contribute to increased productivity and environmental performance.</p>	<p>Convened workshops on eco-efficiency practices and tools in Montréal in March (Americana 2003) and Vancouver in April 2003, which enhanced the knowledge and skills of industry participants (strategis.ic.gc.ca/e2).</p> <p>Delivered the first year of an Environmental Supply Chain Management initiative in partnership with Alberta's Climate Change Central and the Voluntary Challenge and Registry. This initiative has recruited two host companies; and five suppliers, along with the host companies, attended a workshop focussed on climate change and energy efficiency.</p> <p>In partnership with municipal governments and private sector companies, organized a municipal-oriented Environmental Management System (EMS) workshop in Alberta, which included technical training, case studies and site tours of Calgary and Banff facilities. The session provided an opportunity to share technical information and experiences, provided examples of municipal EMS implementation and encouraged partnerships between industry and municipal governments. The session involved more than 50 participants.</p> <p>Delivered two capacity building workshops to industry on corporate sustainability reporting, which contributed to an increase in the number of firms preparing sustainability reports from 79 in 2002 to 99 in 2003.</p>
<p>2. Environmental Technologies</p> <p>Facilitate the development and diffusion of environmental and enabling technologies that produce long-term economic and environmental benefits.</p>	<p>Technology Partnerships Canada announced funding for investments in environmental and eco-efficient enabling technologies contributing to sustainable development (tpc.ic.gc.ca). This included an \$18.9-million strategic investment as part of a \$67-million, multiyear project being undertaken by Westport Innovations Inc. This investment will support the research and development of high-performance, low-emission engine fuel systems. Westport's technology will reduce carbon dioxide emissions by up to 25 percent compared with conventional diesel engines.</p> <p>Funded 28 sustainable development-related projects, totalling \$4.275 million, through the Canada Foundation for Innovation. A listing of projects can be found at innovation.ca</p> <p>In partnership with the governments of Alberta and Saskatchewan, conducted technical workshops on accessing funds for environmental projects under multilateral environmental agreements and international financial institutions, as well as U.S. opportunities and export-readiness skills.</p>

<p>3. Decision Making</p> <p>Improve the integration of sustainable development objectives into decision making, including the development and delivery of departmental policies, plans and operations.</p>	<p>Commissioned a mid-term evaluation study to examine the results achieved to date on the implementation of the Department’s Sustainable Development Strategy, 2000–03. The results will be incorporated into the development of the Department’s third Sustainable Development Strategy, 2003–06.</p> <p>Convened first-ever “Sustainable Development Focus Day” for departmental management and staff, which produced options for a vision, strategic objectives and deliverables for the Department’s third strategy.</p>
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In response to the recommendation in the 2002 *Report of the Commissioner of the Environment and Sustainable Development*, Industry Canada’s Sustainable Development Web site now offers more detailed performance information on all 58 deliverables in the second Sustainable Development Strategy (strategis.gc.ca/sd).

Section 3:

Consolidated Reporting

3.1 Materiel Management

Industry Canada ensures that all movable goods valued at more than \$1,000 are recorded and tracked in the Department's Integrated Financial and Materiel Management System. Additionally, capital assets (valued at more than \$10,000) are tracked financially in accordance with Financial Information System accounting policies. Commencing in fiscal year 2003–04, the Department is conducting its second triennial verification to validate and update its record of holdings.

A policy has been established to address the need for life-cycle cost for mission critical assets. The policy applies to all departmental assets, whether owned or leased. The life-cycle model must be used to manage departmental assets.

As part of the Business Continuity Planning process for the Department, mission critical assets were identified and plans were developed to ensure that no business interruption occurs in cases of emergencies. The operational costs of the Department are identified as part of the normal planning process. No serious concerns or problems were identified as part of this process.

3.2 Procurement and Contracting

The objective of procurement and contracting activities at Industry Canada is to obtain goods and services needed to deliver programs. These activities are conducted in a manner that enhances access, competition and fairness to all firms and results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people.

At Industry Canada, the contracting authority is decentralized. As a result, branches (through the operational manager or some other user of purchasing services) are responsible for a wide range of purchasing activities. The following are responsible to ensure that these activities are carried out effectively:

- Contracts and Materiel Management (CMM) — the CMM unit is responsible for developing purchasing strategies, logistics planning, life-cycle costing of acquisition alternatives, postings on the Government Electronic Tendering Service and completing contracts.
- Contracts Review Secretariat (CRS) — the CRS unit is responsible for providing secretariat services to the Contracts Review: Program and Services Board (CR:PSB), writing policies and providing training.
- Contracts Review: Program and Services Board — the CR:PSB serves as a forum for senior departmental officials to provide advice and support to the Comptroller in terms of corporate direction in the implementation of governmental and departmental policies, operational procedures and performance monitoring related to purchasing activities to be carried out at Industry Canada.

In addition to the board, both the CMM and CRS units are responsible for providing advisory services, and monitoring and controlling the purchasing process to ensure its integrity with TBS and departmental policies. The Department awarded 16,697 contracts valued at approximately \$130.6 million in 2002–03.

Performance Measurement Criteria: Regulatory amendments are supported by clients, and have received approval to take effect in January 2004.

Results Achieved: CIPO is poised to be able to implement new services under the Patent Cooperation Treaty starting in summer 2004. This will provide greater access to the international intellectual property system, increase opportunities for Canadian inventors and demonstrate that CIPO can provide world-class services.

3.4 Horizontal Initiatives

Industry Canada is involved in a number of horizontal initiatives: those initiatives where the Department works in partnership with other federal departments, other levels of government, non-governmental organizations or private sector organizations. Industry Canada's involvement in these initiatives contributes to the Department's achievement of its strategic objectives. The way in which these initiatives contribute has been discussed by strategic objective in section 2.5.

In addition to the information provided in this report, more detailed information on the following significant horizontal initiatives, where Industry Canada is either the lead or co-lead, can be found on the TBS Horizontal Results Web site (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hr-rh_e.asp):

- Canadian Biotechnology Strategy
- Investment Partnerships Canada
- SchoolNet
- Team Canada Inc

Section 4:

Financial Performance

4.1 Matching Resources to Strategic Objectives

The figures provided in the following table represent an approximate allocation of the resources devoted to each strategic objective. This exercise links resources to results which should lead to improved planning and performance reporting.

Departmental Resource Allocation by Strategic Objective

Departmental Resource Allocation (millions of dollars)	Innovation	Connectedness	Marketplace	Investment	Trade	Corporate Management and Governance	Sector Total
Actuals 2002–03							
Industry Canada Sectors	Total	Total	Total	Total	Total	Total	Total
Policy Sector	6.9	0.0	17.7	1.0	4.8	4.0	34.4
Industry Sector	24.0	5.2	0.3	10.5	8.0	3.0	51.0
Competition Bureau	0.0	0.0	42.6	0.0	0.0	0.0	42.6
SITT Sector	3.0	162.7	25.9	3.0	5.4	0.0	200.0
Operations Sector	6.5	0.0	60.7	275.5	14.0	33.9	390.6
Investment Partnerships Canada	0.0	0.0	0.0	6.5	0.0	0.0	6.5
Communications Research Centre Canada	15.5	29.0	0.0	0.0	0.0	0.0	44.5
Technology Partnerships Canada	341.1	0.0	0.0	0.0	0.0	0.0	341.1
Office of Consumer Affairs	0.0	0.0	5.2	0.0	0.0	0.0	5.2
Other**	0.6	22.0	0.0	0.0	0.0	95.0	117.6
Total	397.6	218.9	152.4	296.5	32.2	135.9	1,233.5

*Figures are based on actual financial data for 2002–03 including Grants and Contributions and Employee Benefit Plan, and are net of responsible revenues. The actuals exclude the Canadian Intellectual Property Office.

**Includes organizations such as the Chief Information Office, Comptroller's Branch and Human Resources Branch.

Following the assessment of the contracting framework commissioned by the Comptroller's Branch in 2000, the Department has developed a management action plan to reinforce management accountability and procurement/contracting practices through control measures, training, monitoring, reporting, and further review and audit scrutiny. The first step was taken in March 2001 with the establishment of the CR:PSB and the CRS.

Furthermore, the Audit and Evaluation Branch is committed to auditing contracting practices in two branches of Industry Canada every year. Contracting practices are also being reviewed in the context of regular scheduled audits, such as program audits and regional audits.

Other initiatives include the following:

- A Service Contracts Compliance Checklist has been created. This tool provides useful information to prepare a service contract, a call-up or an amendment. It will ensure that government contracting activities are in compliance with TBS and Industry Canada contracting policies and procedures.
- Methods of supply and tools, such as standing offer agreements and supply arrangements, are reviewed in order to offer program managers the best procurement strategy to effectively meet their needs.

3.3 Performance of Significant Regulatory Initiatives

<i>Canada Small Business Financing Act (CSBFA)</i>
Purpose of Regulatory Initiative: Capital Leasing Pilot Project Regulations
Expected Results: Publication in <i>Canada Gazette</i> , Part II, on December 19, 2001. The regulation would extend the CSBFA to capital leasing, which would give small businesses a significant new alternative in having their financing needs guaranteed under the CSBFA.
Performance Measurement Criteria: A results-based management and accountability framework was developed for the pilot project and implemented in 2002. It identifies performance indicators for ongoing monitoring, as well as issues and questions that need to be addressed for the evaluation, which will determine if it is to become a permanent extension of the Canada Small Business Financing Program. The framework is available on the Small Business Research and Policy Web site (strategis.gc.ca/epic/internet/insbrp-rppe.nsf/vwGeneratedInterE/rd00717e.html).
Results Achieved: The pilot project regulations came into force on April 1, 2002. The pilot project will be evaluated at the end of the five-year period, ending March 31, 2007, to determine its success in achieving its objectives.
Canadian Intellectual Property Office (CIPO) — Fee Review
Purpose of Regulatory Initiative: Fee and administrative changes to the administration of intellectual property rights.
Expected Results: The World Intellectual Property Organization has approved CIPO as an International Searching Authority and International Preliminary Examining Authority under the Patent Cooperation Treaty. Therefore, a new fee structure is required to support service delivery improvements (through productive capacity increases and the introduction of new services) at CIPO. Consultations with clients yielded support for amendments. Revenues generated by fee increases will be re-invested in productive capacity (primarily new patent examiners), aimed at improving the quality and timeliness of products and services to meet clients' needs.

4.2 Financial Summary Tables

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

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

FINANCIAL TABLE 1: Summary of Voted Appropriations

Financial Requirements by Authority

(millions of dollars)

Vote		Planned Spending 2002-03	Total Authorities 2002-03*	Actual 2002-03
Industry Canada Program				
1	Operating expenditures	424.6	509.0	502.1
5	Grants and contributions	933.1	969.6	673.9
(S)	Minister of Industry — Salary and motor car allowance	0.0	0.0	0.0
(S)	Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10.0	0.0	0.0
(S)	Canadian Intellectual Property Office Revolving Fund	(3.3)	55.9	(6.7)
(S)	Liabilities under the <i>Small Business Loans Act</i>	32.0	28.9	28.9
(S)	Liabilities under the <i>Canada Small Business Financing Act</i>	29.0	34.9	34.9
(S)	Contributions to employee benefit plans	53.6	64.7	64.7
(S)	Spending of proceeds from the disposal of surplus Crown assets	0.0	0.8	0.7
(S)	Collection agency fees	0.0	0.0	0.0
(S)	Court awards	0.0	0.0	0.0
(S)	Refunds of amounts credited to revenues in previous years	0.0	0.2	0.2
L10	Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	0.3	0.3	0.0
L15	Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	0.5	0.5	0.0
L97b	Advances to regional offices and employees posted abroad	0.0	2.0	0.0
Total Department		1,479.8	1,666.8	1,298.7

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

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

Departmental Planned versus Actual Spending by Business Line

(millions of dollars)

Business Lines	FTEs	Operating	Capital	Grants and Contributions	Subtotal: Gross Expenditures	Non-budgetary Loans, Investments and Advances	Total Gross Expenditures	Less: Respendable Revenues*	Total Net Expenditures
Micro-Economic Policy	303	32.3	—	11.9	44.2	—	44.2	—	44.2
(total authorities)	<i>297</i>	<i>44.1</i>	—	<i>10.0</i>	<i>54.1</i>	—	<i>54.1</i>	—	<i>54.1</i>
(actuals)	297	43.6	—	9.0	52.6	—	52.6	—	52.6
Marketplace Rules and Services	2,606	254.0	—	1.7	255.7	—	255.7	(129.7)	126.0
(total authorities)	<i>2,552</i>	<i>343.5</i>	—	<i>2.2</i>	<i>345.7</i>	—	<i>345.7</i>	<i>(141.1)</i>	<i>204.6</i>
(actuals)	2,552	277.4	—	2.2	279.6	—	279.6	(131.4)	148.2
Industry Sector Development	1,955	228.8	—	1,061.5**	1,290.3	0.8	1,291.1	(9.7)	1,281.4
(total authorities)	<i>1,914</i>	<i>268.2</i>	—	<i>1,021.2**</i>	<i>1,289.4</i>	<i>2.8</i>	<i>1,292.2</i>	<i>(7.2)</i>	<i>1,285.0</i>
(actuals)	1,914	258.1	—	726.5**	984.6	0.0	984.6	(7.2)	977.4
Tourism***	0	0.0	—	—	0.0	—	0.0	—	0.0
(total authorities)	<i>0</i>	<i>0.0</i>	—	—	<i>0.0</i>	—	<i>0.0</i>	—	<i>0.0</i>
(actuals)	0	0.0	—	—	0.0	—	0.0	—	0.0
Corporate and Management Services	1,063	130.4	—	—	130.4	—	130.4	—	130.4
(total authorities)	<i>1,041</i>	<i>123.1</i>	—	—	<i>123.1</i>	—	<i>123.1</i>	—	<i>123.1</i>
(actuals)	1,041	120.5	—	—	120.5	—	120.5	—	120.5
Total	5,927	645.5	0.0	1,075.1	1,720.6	0.8	1,721.4	(139.4)	1,582.0
(total authorities)	<i>5,804</i>	<i>778.9</i>	<i>0.0</i>	<i>1,033.4</i>	<i>1,812.3</i>	<i>2.8</i>	<i>1,815.1</i>	<i>(148.3)</i>	<i>1,666.8</i>
(actuals)	5,804	699.6	0.0	737.7	1,437.3	0.0	1,437.3	(138.6)	1,298.7
Other Revenues and Expenditures									
Non-respendable Revenues****	—	—	—	—	—	—	—	—	(320.3)
(total authorities)	—	—	—	—	—	—	—	—	(320.3)
(actuals)	—	—	—	—	—	—	—	—	(562.6)
Cost of services provided by other departments	—	—	—	—	—	—	—	—	64.9
(total authorities)	—	—	—	—	—	—	—	—	64.9
(actuals)	—	—	—	—	—	—	—	—	77.1
Net Cost of the Program	—	—	—	—	—	—	—	—	1,326.6
(total authorities)	—	—	—	—	—	—	—	—	<i>1,411.4</i>
(actuals)	—	—	—	—	—	—	—	—	813.2

Note: Numbers in italics denote total authorities for 2002–03 (Main Estimates and Supplementary Estimates plus other authorities).
 Bold numbers denote actual expenditures/revenues in 2002–03.

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

** Includes Statutory Grants and Contributions.

*** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

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

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

Departmental Planned versus Actual Spending by Business Line

(millions of dollars)

Business Lines	Actual 2000-01*	Actual 2001-02*	Planned Spending 2002-03	Total Authorities 2002-03**	Actual 2002-03
Micro-Economic Policy	53.8	204.1	44.2	54.1	52.6
Marketplace Rules and Services	125.6	133.3	126.0	204.6	148.2
Industry Sector Development	878.7	962.2	1,281.4	1,285.0	977.4
Tourism***	83.1	0.0	0.0	0.0	0.0
Corporate and Management Services	95.7	109.9	130.4	123.1	120.5
Total Planned to Actual Spending	1,236.9	1,409.5	1,582.0	1,666.8	1,298.7

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

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

*** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

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

Revenues by Business Line

*(millions of dollars)***Respendable Revenues***

Business Lines	Actual 2000-01	Actual 2001-02	Planned Revenues 2002-03	Total Authorities 2002-03**	Actual 2002-03
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	104.4	121.7	129.7	141.1	131.4
Industry Sector Development	6.5	7.0	9.7	7.2	7.2
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Respendable Revenues	110.9	128.7	139.4	148.3	138.6

Non-respendable Revenues***

Business Lines	Actual 2000-01	Actual 2001-02****	Planned Revenues 2002-03	Total Authorities 2002-03**	Actual 2002-03****
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	155.2	862.4	256.5	256.5	530.3
Industry Sector Development	122.4	93.3	63.8	63.8	32.3
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Non-respendable Revenues	277.6	955.7	320.3	320.3	562.6

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

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

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

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

**** The increase in non-respendable revenues is mainly due to the change in accounting practices brought about by the Financial Information Strategy.

FINANCIAL TABLE 5: Statutory Payments

Statutory Payments by Business Line

(millions of dollars)

Business Lines	Actual 2000-01*	Actual 2001-02*	Planned Spending 2002-03****	Total Authorities 2002-03**	Actual 2002-03
Micro-Economic Policy	3.6	3.8	3.7	4.5	4.5
Marketplace Rules and Services	7.1	25.7	15.9	77.1	14.6
Industry Sector Development	103.7	94.5	91.6	89.3	89.1
Tourism***	1.9	0.0	0.0	0.0	0.0
Corporate and Management Services	7.8	8.2	10.1	14.5	14.5
Total Statutory Payments	124.1	132.2	121.3	185.4	122.7

Note: All figures include contributions to employee benefit plans.

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

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

*** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

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

FINANCIAL TABLE 6: Transfer Payments

Transfer Payments by Business Line

(millions of dollars)

Business Lines	Actual 2000-01*	Actual 2001-02*	Planned Spending 2002-03	Total Authorities 2002-03**	Actual 2002-03
GRANTS					
Micro-Economic Policy	1.0	151.0	1.0	2.3	2.3
Marketplace Rules and Services	—	—	—	0.1	0.1
Industry Sector Development	140.0	123.5	—	—	—
Tourism***	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Grants	141.0	274.5	1.0	2.4	2.4
CONTRIBUTIONS					
Micro-Economic Policy	11.7	11.4	10.9	7.7	6.7
Marketplace Rules and Services	1.0	1.7	1.7	2.1	2.1
Industry Sector Development	494.6	585.3	1,061.5	1,021.2	726.5
Tourism***	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Contributions	507.3	598.4	1,074.1	1,031.0	735.3
Total Transfer Payments	648.3	872.9	1,075.1	1,033.4	737.7

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

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

*** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

FINANCIAL TABLE 7: Details of Transfer Payments

For a complete listing of our grants and contributions, visit the Public Accounts of Canada on the Receiver General's Web site (pwgsc.gc.ca/recgen/text/home-e.html).

Aboriginal Business Canada (ABC) \$34,525,593	abc-eac.ic.gc.ca
Aboriginal Business Development Canada	
Objectives:	
<ul style="list-style-type: none"> • To increase the number of viable businesses in Canada that are owned and controlled by Aboriginal Canadians, improve access to business opportunities, increase self-reliance and provide a supportive business environment for Aboriginal Canadians in all areas of Canada. • To establish, expand and diversify self-sustaining Aboriginal-owned and -controlled capital corporations that provide developmental capital in Canada and that are functionally complementary to the mainstream financial sector. • To enhance the capacity of Aboriginal financial and business development organizations to provide financial services, business information and developmental support services. • To provide Aboriginal Canadians with greater responsibility for economic development initiatives in keeping with the spirit of <i>Gathering Strength: Canada's Aboriginal Action Plan</i>. 	
Results:	
<ul style="list-style-type: none"> • ABC assisted 975 projects, for a total of approximately \$35 million in authorized assistance, leveraging an additional \$37 million from other sources. • Recent research shows that the survival rate of Aboriginal businesses assisted by ABC is more than 68 percent, which is greater than that of the SME population in general. • ABC provided investment and operating capital of more than \$8 million to 35 Aboriginal Capital Corporations (ACCs), which included \$6.5 million in additional loan capital for six ACCs. A total of 1,386 loans in the amount of approximately \$41 million were disbursed. Since the inception of the program, 18,000 loans totalling approximately \$522 million have been disbursed. • ABC provided financial support to 15 external delivery organizations, which are Aboriginal financial and business development institutions, to assist in capacity development. ABC's investment supports the development of capacity within these organizations and extends the program delivery into more remote areas of Canada. 	
Aboriginal Business Loan Insurance Program	
Objective:	
To increase commercial enterprise activity by Aboriginal Canadians, as a major step toward enhancing their economic self-reliance, by providing financial and advisory assistance at various stages and for several aspects of enterprise development.	
Results:	
Eight projects are currently being supported through \$15.5 million in insured loans, enabling these projects to secure necessary financing. Loan insurance enables Aboriginal entrepreneurs to leverage bank financing by increasing banks' tolerance for risk. A recent example is the St. Eugene Mission Aboriginal tourism facility, which was able to access \$10 million in bank financing for the project as a result of ABC's loan insurance.	

Canada–Ontario Infrastructure Program (COIP) \$127,513,888	www.ic.gc.ca/coip-pico
<p>Objectives:</p> <p>To improve the quality of life by investing in municipal infrastructure, with the following goals:</p> <ul style="list-style-type: none"> • enhancing the quality of our environment; • supporting long-term economic growth; • improving community infrastructure; and • building 21st century infrastructure through innovative partnerships, new approaches and best practices. <p>Federal and provincial contributions to urban and rural municipal infrastructure projects in Ontario are expected to stimulate more than \$2 billion in capital investments over the life of the program. Investment targets are 40 percent for municipal infrastructure projects, such as water and waste water systems, and a minimum of 15 percent for projects in rural communities.</p> <p>Results:</p> <ul style="list-style-type: none"> • In 2002–03, COIP announced a total of 205 projects that had been nominated by the province; they accounted for investments exceeding \$400 million. • Repayments to the province amounted to \$127,500,000, including \$3,361,765 in administration costs and a single lump sum payment of \$62.3 million to the City of Toronto relating to the Toronto Transit Commission project. • As of March 31, 2003, 32 percent of COIP projects relate to water and waste water systems (accounting for \$169.7 million of total investments), and the rural target had been exceeded, standing at 36 percent (for a total investment of \$191 million). 	
Canada Small Business Financing (CSBF) Program — <i>Canada Small Business Financing Act and Small Business Loans Act</i> \$63,829,946	
<p style="text-align: right;">strategis.gc.ca/SSG/la01108e.html</p> <p>Objective:</p> <p>To encourage participating lending institutions to increase the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises.</p> <p>Results:</p> <ul style="list-style-type: none"> • A total of 11,252 loans, representing \$955.9 million, were made to SMEs under the CSBF Program in 2002–03. • A total of 57 capital leases, representing \$8.8 million, were made to SMEs under the Capital Leasing Pilot Project. • The following claims were paid in 2002–03: CSBF Program — 1,425 claims totalling \$69.4 million; SBL Program — 1,688 claims totalling \$60.9 million. <p>The program is evaluated on its ability to achieve two goals: cost recovery and incrementality. Cost recovery refers to the ability of the program to offset the costs of claims through program revenues. Since the CSBFA was enacted only four years ago, sufficient data on the actual impacts of the provisions are just now becoming available. The Department is carefully analysing these data and, once the analysis is completed, it will be in a better position to determine the program's ability to achieve cost recovery. Incrementality refers to the program's effectiveness in extending financing that would have been otherwise unavailable to SMEs, or only available under less attractive conditions. During each of the past four years, more than 50 percent of the loans made by financial institutions under the program were to start-up businesses.</p>	

Canadian Institute for Advanced Research
\$25,000,000 (2002–07)

ciar.ca

Objective:

To encourage research excellence in Canada by supporting the work of the Canadian Institute for Advanced Research (CIAR) and fostering its development.

Results:

CIAR has multidisciplinary research teams investigating and creating breakthroughs in nine program areas.

- CIAR's programs continue to build a strong research base in Canada and extend international linkages. Programs involve approximately 200 researchers at institutions in Canada, the United States, Europe, Israel, Australia, New Zealand and Japan.
- In 2001, CIAR leveraged over 40 percent of its income, or more than \$5 million, from the private sector and provincial governments for applied R&D.
- CIAR continues to provide researchers with the means to develop closer links. In some cases, this means providing university researchers with teaching-release time so they may devote more time to their research and networking with their colleagues at other institutions, including government research labs.

CANARIE — CA*net4

canarie.ca

Objective:

To construct and operate Canada's national research and innovation network, CA*net4, as announced in Budget 2001.

Results:

- CANARIE received a grant of \$110 million in 2002, and disbursed \$49.53 million by the end of 2002–03, accounting for 41 percent of the funds allotted, including interest accrued, and in line with initial expenditure rate forecasts.
- CA*net4 is operational with more than 14 points of presence, including one for each province, one in Ottawa and three in the United States, which provide international connectivity. As such, CA*net4 is a valuable resource that provides Canadian researchers and educators with the opportunity to collaborate and facilitate significant research activities with colleagues in Canada and around the world.
- The deployment and operation of CA*net4 has also maintained Canada's leadership in research networking.
- Although CA*net4 has only been operational for one year, it is internationally recognized as a world-leading advanced research and innovation network. Countries including the United States, Australia and the Netherlands have begun to emulate its innovative approach. Key accomplishments of CA*net4 to date include the transfer of one terabyte of information from Vancouver to Geneva across a single network hop, the world's first large-scale, end-to-end transfer of its kind, which established a world record.

CANARIE — Phase 3: Advanced Applications Development Program
\$22,620,515

canarie.ca

Objective:

To enhance the productivity and competitiveness of Canadian industry, especially innovative Canadian ICT companies, with an emphasis on priority sectors such as e-business, e-learning, e-health and intelligent systems, to catalyse the development and diffusion of technologies, advanced applications and services that underpin or use advanced Internet infrastructure, such as CA*net3, and that are based on open-systems standards.

Results:

CANARIE received a contribution of \$78 million for the period of April 1999 through March 2004. By the end of 2002–03, 53 percent of these funds (\$41.5 million) were spent. However, CANARIE's Advanced Applications Development Program (AADP) for e-business, e-learning, e-health and intelligent systems is fully committed through to March 2004.

- One highly successful collaborative e-business application development project is ECCnet. ECCnet is a joint project with the Electronic Commerce Council of Canada (ECCC) to develop an on-line registry of product data and images for the food services, grocery and pharmacy industries. ECCnet allows trading partners to easily attain, maintain or exchange product information.
- Phase 3 of CANARIE's AADP has facilitated the launch of several collaborative research projects that increase the quality and quantity of Canadian digital content and advanced Internet applications. One example is the AADP project by March Networks — a Web-enabled home telehealth service for remote visits and vital sign monitoring using interactive video and audio. March Networks is now actively marketing and selling its home telehealth solution globally after receiving Health Canada's approval of the telehealth solution's Health Monitoring Kit.

Federal Economic Development Initiative for Northern Ontario (FedNor)

fednor.ic.gc.ca

Objective:

To promote economic development in Northern Ontario, leading to a strengthening of the national economy and contributing to the successful development of business and job opportunities.

Results:

FedNor is the Industry Portfolio's key point of presence in Northern Ontario, supporting the region's transition to a knowledge-based economy. For example:

- Access to Capital for Small Business — FedNor contributed \$5.5 million to 18 investment projects. In addition, a new loan loss reserve agreement signed with the Business Development Bank of Canada will ensure that an additional \$15 million will be available for Northern Ontario small businesses to expand into innovative areas.
- Access to Information for Small Business — FedNor provided more than \$17.1 million to 132 innovation and telecommunications projects, which enhanced critical business–education–government networks and linkages across Northern Ontario and ensured better community access to broadband telecommunications infrastructure in the region.
- Access to Markets for Small Business — FedNor supported export and trade opportunities for Northern Ontario SMEs, through the provision of \$810,500 to 14 trade-related projects.

- Promotion of Sustainable Self-reliant Communities — FedNor provided more than \$23.9 million to 683 community partnership projects. One project, the Youth Internship Program, provided a total investment of \$2.8 million dollars to assist youth in gaining valuable work experience with the objective of leading to longer-term employment in Northern Ontario.
- Overall, \$10.3 million (22 percent) of FedNor's 2002–03 contributions budget was targeted at strengthening Aboriginal communities through a variety of projects, such as the deployment of telehealth services, Aboriginal tourism marketing and Aboriginal entrepreneurship training.

Ontario Community Futures Program \$20,490,720

ontcfdc.com

Objectives:

To support community economic development by assisting Northern Ontario and rural Ontario communities to develop and diversify their economies, through the support of a network of Community Futures Development Corporations (CFDCs). Specific objectives include the following:

- the development and implementation of strategic community economic development plans with other partners in order to strengthen and diversify the local economy;
- the provision of a range of services to small business, including technical advice, counselling, information and referrals; and
- the provision of small business financing of up to \$125,000 on commercial terms through locally governed investment funds that offer loans, loan guarantees or equity investments for business start-up, expansion or stabilization, where available financing from other sources is insufficient.

Results:

FedNor delivered more than \$20.5 million in contributions through this program in Ontario.

As a result of these resources:

- A total of 57 CFDCs in Ontario are currently engaged in community economic development planning and implementation, addressing a broad range of issues, from biotechnology, agri-food and other knowledge-based economic opportunities to mitigating community impacts resulting from mine and sawmill layoffs.
- A total of 1,264 entrepreneurs and business owners across Ontario received counselling and technical advice from their local CFDC.
- During 2002, CFDCs invested \$41.2 million in 1,032 small businesses to help create or maintain 4,752 jobs, and leveraged an additional \$57.1 million in investment from other sources.

Information Highway Programs

Community Access Program (CAP) \$31.6 million

cap.ic.gc.ca

Objective:

To provide Canadians with affordable access to the Internet, as a means of ensuring that Canadians benefit from the global, knowledge-based economy and the opportunity to use its technologies, and specifically to establish universal public access sites in urban and rural communities across Canada. The typical target groups served by CAP are people who face barriers to participation in employment, learning, community integration, and other social and economic opportunities — those most affected by the digital divide.

Results:

CAP continued to establish new sites and to sustain existing sites in 2002–03, with a total of approximately 8,800 sites. Since 1996, more than 8,000 youths have been employed through this initiative. CAP sites provide a stable, accessible and supportive location for distance education, e-learning, e-teaching, searching for work, and skills development and training.

SchoolNet \$7 million

schoolnet.ca

Objective:

To ensure that the tremendous potential of ICTs is harnessed for the benefit of all Canadian learners, enabling them to compete effectively in the new global, knowledge-based economy, by stimulating the use of the Internet in a learning environment.

Results:

SchoolNet continues to work with the provinces and territories through such programs as First Nations SchoolNet, GrassRoots and the Network of Innovative Schools to develop and showcase best practices in the use of ICTs for learning, to connect the remaining First Nations schools, and to carry out research on the connectivity of Canadian schools and the use of ICTs for learning. Results include the following:

- approximately 6,500 new GrassRoots projects;
- an increase of 30 schools in the Network of Innovative Schools;
- a total of 13 schools involved in Telesat trials for high-speed communications, including two First Nations schools;
- increased capacity building at the post-secondary level, through pilot initiatives with two university faculties of education to demonstrate to student teachers how to integrate ICTs into their teaching;
- an increase in international collaboration (NIS Institute, Colombia Ministry of Education, ICT League and Global School Network); and
- better service to First Nations schools through improved access to connectivity and ICT skills development offered by regional management organizations.

Smart Communities Program \$18.1 million**smartcommunities.ca****Objectives:**

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

Results:

The program established 12 Smart Communities demonstration projects across the country and helped them develop strategies toward sustainability beyond March 2004. With an investment of \$55 million over three years, the program:

- leveraged an additional \$74 million, reached 1.9 million citizens in 100 communities, delivered 92 new on-line services (e-health, e-commerce, e-learning, e-governance and e-justice) and included 240 partners (public, private and non-governmental);
- developed a Resource Exchange Web site that acts as a clearing house of Smart Communities best practices, applications and technologies, as well as lessons learned; and
- provided Canadian communities with the opportunity to offer skills development and expertise to international communities on a cost-recovery basis in countries that have implemented similar initiatives. (For example, the Collectivité ingénieuse de la Péninsule acadienne inc., New Brunswick, recently signed an agreement with the Food and Agriculture Organization of the United Nations to provide technology support for the EcoPort and FishPort international portals and to provide skill development sessions for the member communities in Africa, Asia and South America.)

Youth Employment Strategy (YES) \$14.3 million**youth.gc.ca****Objective:**

To help young Canadians to develop the knowledge and skills they need for the future through career-related work experiences, thus enabling them to participate more fully in the rapidly changing labour market. Industry Canada is among a number of federal departments and agencies, led by Human Resources Development Canada, working cooperatively with other levels of government, universities and colleges, the private sector, and not-for-profit organizations pursuing this initiative. Under the renewed YES, Industry Canada will continue to deliver YES programs reflecting current government priorities, including *Canada's Innovation Strategy*.

Results:

Since their inception, the various YES-funded programs under the Information Highway Applications Branch (IHAB) have assisted more than 14,500 young Canadians in acquiring practical experience and developing enhanced employability skills for the knowledge-based economy, while providing ICT skills and knowledge to individuals, communities, learning organizations and small businesses across the country. In 2002–03, more than 2,550 youth participated in three YES funding streams. The reach of IHAB's YES-funded programs was augmented through the leveraging of contributions from various sources. In 2002–03, this leveraging matched the total IHAB YES allocation. Departmental evaluations were conducted in 2002–03 for all IHAB YES-funded programs. The results of these evaluations demonstrated that there is a continuing benefit from and need for these programs.

**International Telecommunication Union (ITU), Switzerland
Contribution \$6,808,000 (Membership), Name Grant of \$1,300,000 (ITU activities) to ITU
in 2002–03**

Objective:

To achieve results across a broad range of issues affecting the international management of radio frequency spectrum and satellite orbits, the efficient and timely production of international standards, and the facilitation of connectivity and capacity building in developing countries to help bridge the digital divide.

Results:

Through its membership in the ITU, Industry Canada

- led the work at the ITU 2002 Plenipotentiary Conference in Marrakech, Morocco, resulting in the adoption of a financial plan;
- played a lead role in ensuring the development of a synergy between the policy and program initiatives of ITU, the Digital Opportunities Task Force, and the Information and Communication Technologies Task Force by identifying ways and means of bridging the digital divide; and
- led and coordinated numerous Canadian National Organization committees with its stakeholders to ensure Canada's interests are met globally; branding Canada by raising awareness and promoting a favourable perception of Canada internationally.

Precarn

precarn.ca

Objective:

To foster collaborative, pre-competitive research in intelligent systems. To date, Industry Canada has provided \$65 million to Precarn, a private sector consortium of industry, academic and research laboratories.

Results:

This year, Precarn managed 30 research projects with an associate budget of \$7.2 million. The sectors targeted included environmental technologies, medical robotics and security applications. Additionally, Precarn supported and managed a university-based program of research and technology transfer in the amount of \$4.5 million for the year. In total, the program included more than 80 firms and other research organizations and generated more than 175 person-years of research activity.

Precarn creates a competitive advantage for Canadian industry, and social and economic benefits for Canadians, through innovation in intelligent systems. For example, in March 2002, MD Robotics won a key contract for robotic systems in space, based on a number of the technologies developed under the Precarn-funded ROSA project. ROSA provides key baseline technology — ground segment, vision system and visual serving — for the Orbital Express (US DARPA) contract.

Structured Financing Facility Program \$1,330,950 strategis.gc.ca/epic/internet/insim-cnmi.nsf/vwGeneratedInterE/uv00003e.html	
Objective: <p>To stimulate employment in Canadian shipyards by providing financing support to purchasers of new Canadian-built vessels.</p>	
Results: <ul style="list-style-type: none"> • Total disbursements were \$1 million to two projects completed in 2002–03, which were responsible for \$11.3 million of shipyard sales and an estimated 79 person-years of work. • An additional six projects were contracted during 2002–03, which will generate shipyard sales of \$17.4 million and create 106 person-years of work. • An additional three projects were approved during 2002–03, but not yet contracted as of March 31, 2003. These projects involve contributions of \$7.9 million, and will generate shipyard sales of \$73.8 million and create 743 person-years of work. 	
Technology Partnerships Canada \$327,770,211 tpc.ic.gc.ca	
Objective: <p>To increase economic growth, create jobs and wealth, and support sustainable development by:</p> <ul style="list-style-type: none"> • maintaining and building the industrial technology and skill base essential to a knowledge-based economy; • encouraging the development of SMEs in all regions of Canada; • encouraging private sector investment; • managing the contributions so that all repayments are recycled into TPC, allowing for future growth; • managing the sharing ratios on TPC contributions, with a target average TPC sharing ratio of no more than 33 percent (with typical project sharing ratios between 25 percent and 30 percent); and • taking an investment approach through sharing in returns as well as in risks. 	
Results: <p>For results information, please see TPC's annual report, available on its Web site.</p>	

FINANCIAL TABLE 8: Loans, Investments and Advances

Loans, Investments and Advances by Business Line

(millions of dollars)

Business Lines	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03*	Actual 2002-03
Industry Sector Development	—	—	0.8	2.8	—
Total	—	—	0.8	2.8	—

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

FINANCIAL TABLE 9: Revolving Fund Financial Summaries

Canadian Intellectual Property Office (CIPO) Revolving Fund

(millions of dollars)

	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03*	Actual 2002-03
Revenues	72.5	77.3	94.9	94.9	86.9
Expenses	64.3	75.1	88.1	88.1	83.0
Profit or (Loss)	8.2	2.2	6.8	6.8	3.9
Items not requiring use of funds:					
Add: Amortization	14.7	12.5	15.1	15.1	12.6
Less: Amortization of deferred capital assistance	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)
Changes in working capital	3.5	0.8	(0.8)	(0.8)	1.0
Investing activities:					
Acquisition of depreciable assets	(3.7)	(9.8)	(10.7)	(10.7)	(8.6)
Other items	1.4	7.5	0.0	(0.7)	1.1
Cash surplus (requirement)	17.7	6.8	4.0	3.3	3.6
Authority: cumulative surplus (drawn down)	43.1	49.9	51.5	49.3	53.8

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

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

FINANCIAL TABLE 10: Contingent Liabilities*(millions of dollars)*

List of Contingent Liabilities	Amount of Contingent Liability		
	March 31, 2001	March 31, 2002	Current as of March 31, 2003
Loan insurance and guarantees:			
Enterprise Development Program	5.9	5.0	0.2
<i>Small Business Loans Act</i>	830.9	696.1	297.8
<i>Canada Small Business Financing Act</i>	451.3	471.1	501.3
Capital Leasing Pilot Project	—	—	1.1
Air Carriers Loan Guarantees (DHC-7 & 8)	310.7	301.3	219.2
Supplemental Guarantee Program (DHC-8)	0.8	0.6	0.5
Aboriginal Economic Program	4.6	10.6	9.9
Regional Jet Loan Guarantee	—	—	59.6
<i>Regional Development Incentives Act</i>	64.0	64.7	—
Algoma Steel Loan Guarantee	—	50.0	30.0
Subtotal	1,668.2	1,599.4	1,119.6
Claims and Pending and Threatened Litigation	252.7	253.1	341.6
Total	1,920.9	1,852.5	1,461.2

4.3 Conditional Grants/Foundations

Pierre Elliott Trudeau Foundation \$125,000,000 (2001–2002)	trudeaufoundation.ca
<p>Objective:</p> <p>To support promising Canadian and international students wishing to study in Canada and pursuing doctoral and post-doctoral studies in research in the areas of public policy, governance, social issues, social justice and the environment.</p> <p>Results:</p> <p>The funding agreement with the Foundation was signed on March 27, 2002. Since then, the Pierre Elliott Trudeau Foundation has finalized the application procedures for the various awards.</p>	
Genome Canada	genomecanada.ca
<p>Objective:</p> <p>To enable Canada to become a world leader in selected areas of genomic research by bringing together consortia to deliver genomics research, technology platforms and major genomics projects. This is achieved through the following:</p> <ul style="list-style-type: none"> • the conducting of major research projects in the sectors of health, agriculture, environment, forestry and fisheries; • the recruitment and development of the next generation of genomics scientists in Canada; and • the addressing of public concerns and increasing of public awareness about genomics research. <p>Budget 2001 provided an additional \$140 million grant to Genome Canada, and provincial governments are expected at least to match this federal contribution.</p> <p>Results:</p> <p>In fiscal year 2002–03, Genome Canada has achieved the following results.</p> <ul style="list-style-type: none"> • With the five regional Genome Centres, funding commitments were negotiated with provincial governments, the private sector and other partners to further major research projects in the sectors of health, agriculture, environment, forestry and fisheries genomics. • Through a second competitive process, an additional 34 large-scale projects and S&T platforms were announced in April 2002 for a total Genome Canada commitment of \$291.5 million in 56 projects. • International agreements were signed with Denmark, the Netherlands and Spain to foster scientific and industrial cooperation on genomics projects in scientific areas of common interest. These agreements will strengthen Canada's genomics research capacity, as they pool domestic and international resources in areas of focus. They also position Canada as a world leader in genomics, thereby fostering an environment for the recruitment and development of the next generation of genomics scientists in Canada. • A winter symposium was held in February 2003 on ethical, environmental, economic, legal and social issues related to genomics (GE³LS). This symposium allowed researchers in the field to address potential GE³LS issues that may arise due to public concern. It also served as an opportunity to increase public awareness about genomics research. • A series of public symposiums by world leaders in the field of genomics was co-sponsored with the Gairdner Foundation in October 2002. These symposiums served as an opportunity to showcase the success in genomics research in the past 50 years and to raise public awareness about genomics research. 	

Shad International shad.ca
<p>Objectives:</p> <ul style="list-style-type: none"> • To improve, sustain and expand Shad Valley to other universities that would serve as hosts for the four-week program. • To increase the number of Shad Valley participants by more than 50 percent from the current 429 students accepted each year. • To increase the bursary program, enabling more eligible students to participate regardless of their economic circumstances. • To reduce the cost of a corporate partnership to SMEs and other corporations of limited financial means, thus increasing the number of corporate partnerships by up to 50 percent from the current 160. • To expand French or bilingual programming. <p>The Government of Canada's \$6 million grant will be used to achieve the objectives.</p> <p>Results:</p> <p>By 2006, Shad aims to reach its overall objective of having 644 participants in the Shad Valley program and a total of 12 host campuses. In 2002, there were 176 corporate partners, and 472 students participated in the program — an increase of 10 percent from 2001. Shad has opened two of a planned four additional campuses (Memorial University and Queen's University). The availability of bursaries has had a significant impact on students participating in the program. In 2002, Shad provided 143 students with bursaries ranging from \$500 to a full bursary of \$1,500. Shad has also created and distributed its promotional materials in both English and French, and is in the process of having a Francophone or bilingual campus put in place by 2006.</p>
Canadian Youth Business Foundation cybf.ca
<p>Objective:</p> <p>To provide its fundamental business skills and mentoring programs across Canada. A government grant of \$7.5 million will allow the Canadian Youth Business Foundation (CYBF) to expand its programs to include new programs in Québec City and Montréal and with Aboriginal youth.</p> <p>Results:</p> <p>CYBF provides loans of up to \$15,000 to youth between the ages of 18 and 34 to cover the start-up costs of a business. In 2002, CYBF assisted 794 young entrepreneurs with loans. In addition, in order to provide follow-up support for those who receive initial assistance, the content of the Entre Nous mentorship program has been fully developed. This is a face-to-face mentoring program available to CYBF loan clients. It is mandatory for loan clients to be matched with a mentor and to participate in Entre Nous throughout the start-up phase of the business. Also, 12 mentor/protégé teams have been recruited for the Odyssey on-line program, which is designed for young entrepreneurs who do not require a business loan but would like a mentor.</p>

4.4 Alternative Service Delivery

Spectrum Engineering Branch — Allowing self-marking instead of having Industry Canada labels for terminal equipment (October 27, 2001)

Results: Before self-marking is permitted, equipment manufacturers must buy labels from Industry Canada and place them on the equipment before they can sell or use the equipment in Canada. With self-marking, manufacturers can mark the equipment by embossing, silk screening or using their own labels. This simplified procedure enables the manufacturers to reduce their costs and bring the equipment to market in a shorter time frame.

Spectrum Engineering Branch — Streamlining of the certification processes for radio equipment (January 19, 2002)

Results: New certification procedures for radio equipment were put into effect on January 19, 2002. These procedures permit private sector certification bodies to certify radio equipment to meet Canadian and foreign requirements. One domestic and one foreign certification body are currently being accredited. When recognized by the appropriate regulatory authorities, these certification bodies will be able to access both domestic and foreign markets. Equipment manufacturers will have access to competitive services provided by the certification bodies.

Spectrum Engineering Branch — Terminal equipment registration and declaration of conformity processes (January 19, 2002)

Results: A new conformity assessment procedure, namely Declaration of Conformity (DOC), was put in place on January 19, 2002, replacing the old certification procedures for terminal equipment. DOC simplifies the conformity assessment procedure and shortens the time required to get equipment approved. Manufacturers will be able to bring their products to market within a shorter time frame and at a reduced cost. Users will also benefit with up-to-date products and lower costs.

4.5 External Charging

Name of Fee Activity	2002–03 Actual Revenue (\$000)	Estimated Full Cost (to Provide Good or Service) (\$000)	Consultation and Analysis	Service Standard	Performance Result
Competition Bureau					
Merger notification: merger review Fee Type*: R Fee-setting Authority** : DIA		1,345	Published a discussion paper in Part I of the <i>Canada Gazette</i> in summer 2002, and requested comments from interested parties on the <i>Fee and Service Standards Handbook</i> and associated policy.	Non-complex cases: 14 days Complex cases: 10 weeks	Non-complex cases: 99.1 percent completed within the service standard Complex cases: 95.2 percent completed within the service standard
Advance ruling certificate (ARC) requests Fee Type*: O Fee-setting Authority** : DIA		7,578	A proposed amendment to the Notifiable Transactions Regulations that would raise the transaction-size threshold for notifiable transactions was pre-published in the <i>Canada Gazette</i> , Part I, summer 2002, and written comments were requested from stakeholders.	Very complex cases: 5 months	Very complex cases: 100 percent completed within the service standard
Combined pre-merger notification and ARC: review Fee Type*: R Fee-setting Authority** : DIA		2,377	Reviewed written comments received on the <i>Fee and Service Standards Handbook</i> and associated policy and the proposed amendment. Created a draft <i>Fee and Service Standards Handbook</i> . Invited a variety of stakeholders, including members of the Competition Law Section of the Canadian Bar Association (CBA), to attend three consultation forums and provided them with the written comments received. Conducted cross-Canada forums in three major cities, and requested oral feedback. Discussion topics included the transaction-size threshold for notifiable transactions, fee and service standards for merger notifications and ARC requests, and feedback mechanisms.		

Name of Fee Activity	2002-03 Actual Revenue (\$000)	Estimated Full Cost (to Provide Good or Service) (\$000)	Consultation and Analysis	Service Standard	Performance Result
Advisory opinions: the ability of the Commissioner to provide non-binding advice Fee Type*: R&P Fee-setting Authority**: DIA	Total: 6,358	287	The Bureau used the same consultation process as described above to develop fees and service standards for written opinions. Section 124.1 of the <i>Competition Act</i> came into force on April 1, 2003. This section allows the Commissioner to provide legally binding written opinions on any section of the Act. Revised fees and service standards also came into force on April 1, 2003.	Opinions related to misleading representations and deceptive marketing practices Non-complex cases: 8 days Complex cases: 30 days Opinions related to all other sections of the Act Non-complex cases: 4 weeks Complex cases: 8 weeks	Fair Business Practices Branch Non-complex cases: 58 percent completed within the service standard Complex cases: 56 percent completed within the service standard Civil Matters Non-complex cases: 100 percent completed within the service standard Complex cases: 100 percent completed within the service standard Criminal Matters Non-complex cases: 50 percent completed within the service standard Complex cases: 33 percent completed within the service standard
CA number: provide a CA number for fabric tags Fee Type*: N/A Fee-setting Authority**: TLA		240	No recent consultations.		
Photocopies Fee Type*: O Fee-setting Authority**: DIA		1	The Bureau consulted on the fees for photocopying services; however, no stakeholders commented. Therefore, the Bureau maintained the same fee that was set in 1997.	N/A	N/A
Office of the Superintendent of Bankruptcy Canada (OSB)					
Registration fee; superintendent levy; information fee; unclaimed dividend fee; trustee licence fees (initial, renewal and corporate) Fee Type*: R Fee-setting Authority**: BIAR	31,550	38,069	Fees last changed in 2001, following extensive client consultations. Established OSB Management Advisory Board (MAB) in 1998, consisting of clients, stakeholders and business leaders. MAB meets a minimum of four times a year to review business and management issues of the OSB (including business plan, year-end results, changes to fee structures or service standards).	Service standards have been established for key points of service (e.g. time to register filings, issue letters of comment to trustees and so on).	Service standards are monitored quarterly and reported to the MAB yearly. Regarding compliance programs, the OSB is currently refining its performance management framework to reflect its risk-based approach.

Name of Fee Activity	2002–03 Actual Revenue (\$000)	Estimated Full Cost (to Provide Good or Service) (\$000)	Consultation and Analysis	Service Standard	Performance Result
Communications Research Centre Canada (CRC)					
Innovation Centre tenants Fee Type*: O Fee-setting Authority**: DIA		232	Negotiated at each contract on a cost-benefit analysis.	N/A	N/A
Research services (contracting in) Fee Type*: O Fee-setting Authority**: DIA		1,286			
Royalties: right to use CRC intellectual property Fee Type*: R&P Fee-setting Authority**: DIA					
Licence: right to use CRC intellectual property Fee Type*: R&P Fee-setting Authority**: DIA		759			
	Total: 2,404	Total: 2,277			
Corporations Canada					
Corporations Canada has six key product offerings: file articles of incorporation, letters patent, file articles of continuance, file statement of revocation of intent to dissolve, file annual return and name searches Fee Type*: R Fee-setting Authority**: CBCA, CCA, CCoopA	9,134	9,246	No activity in 2002–03. Most recent consultations were undertaken in 2000–01, when Corporations Canada introduced a reduction in the incorporation fee and annual return fee.	Service standards have been established for key services (e.g. CBCA applications processed via the Internet, over-the-counter or by mail; amendments; restated articles and so on). Service standards are available on Corporations Canada's Web site (www.corporationscanada.ic.gc.ca).	Highlights of key performance results: 60 percent of CBCA incorporations were completed on-line. New incorporations increased 32 percent over fiscal year 2001–02. A client satisfaction rate of 93.9 percent for on-line incorporations was achieved during March 2003.

Name of Fee Activity	2002-03 Actual Revenue (\$000)	Estimated Full Cost (to Provide Good or Service) (\$000)	Consultation and Analysis	Service Standard	Performance Result
Measurement Canada					
Device approval and measurement standard certification Fee Type*: R Fee-setting Authority**: WMA	15	Fees recover some, but not all of the costs associated with providing the services.	<p><i>Electricity and Gas Inspection Act:</i> Fees were last amended in 1995 and in accordance with a government directive to create an incentive for private sector organizations to become accredited to verify electricity and natural gas meters.</p> <p><i>Weights and Measures Act:</i> Fees were last amended in 1993. Revenues generated as a result of the amendment a decade ago were expected to recover approximately 14 percent of the costs to provide services associated with the administration of the Act.</p> <p>Fees for services provided under the authority of the <i>Weights and Measures Act</i> and <i>Electricity and Gas Inspection Act</i> were amended following extensive stakeholder consultation and publication in the <i>Canada Gazette</i>.</p>	Service standards and associated performance targets have been established for the majority of the services for which a fee is levied. Measurement Canada's service standards may be found at mc.ic.gc.ca in the Services, Service Standards section.	Performance in relation to the achievement of service delivery targets is reported annually. Service improvement targets are set in Measurement Canada's annual business plan.
Device inspection Fee Type*: R Fee-setting Authority**: WMA	1,360				
Accreditation (initial and renewal) Fee Type*: R&P Fee-setting Authority**: WMA	38				
Meter approval and measuring apparatus certification Fee Type*: R Fee-setting Authority**: EGIA	246				
Meter inspection Fee Type*: R Fee-setting Authority**: EGIA	551				
Accreditation (initial and renewal) Fee Type*: R&P Fee-setting Authority**: EGIA	46				
	Total: 2,256				

Name of Fee Activity	2002–03 Actual Revenue (\$000)	Estimated Full Cost (to Provide Good or Service) (\$000)	Consultation and Analysis	Service Standard	Performance Result
Small Business Loans Administration					
Registration CSBFA Loans Capital Leases Fee Type*: R Fee-setting Authority**: CSBFA	18,961 153		Fees charged for the loans program were last amended in April 1999, following extensive consultations with key stakeholders, including financial institutions. Fees for the Capital Leasing Pilot Project were established in April 2002, following extensive consultations with key stakeholders.	Service standards have been established for key services, including time to register loans/leases and to pay claims. strategis.gc.ca/sc_mangb/smallbus/engdoc/sbla.html	Performance results are identified and reported in the SBLA Business Plan and the <i>CSBFA Annual Report</i> , which is tabled in Parliament annually around late fall or early winter.
Administration CSBFA Loans Capital Leases Fee Type*: R Fee-setting Authority**: CSBFA	35,117 39				
Administration SBLA Loans Fee Type*: R Fee-setting Authority**: SBLA	9,599 Total: 63,869	Total: 4,450			
Spectrum Management					
Licence renewals Fee Type*: R&P Fee-setting Authority**: RA, DIA, FAA	214,200		Fixed in regulations. (Industry Canada consults with the public through notice in the <i>Canada Gazette</i> prior to amending or creating a new fee.)	Licences are issued within seven weeks if international coordination is not required and in 13 weeks if international coordination is required.	Licences issued
Spectrum auctions Fee Type*: R&P Fee-setting Authority**: RA	129,600 In accordance with the Cost Recovery and Charging Policy, prices should be based on market value for rights and privileges which are de facto commercial inputs for users (i.e. spectrum fees) in order to ensure efficient utilisation of a scarce resource and a fair economic return to the general public.	Total: 88,163	Consultations done through <i>Canada Gazette</i> notice.		Licences issued

Name of Fee Activity	2002-03 Actual Revenue (\$000)	Estimated Full Cost (to Provide Good or Service) (\$000)	Consultation and Analysis	Service Standard	Performance Result
Radio and terminal equipment approval Fee Type*: R	5,070	4,971	The Department consults with the Terminal Attachment Program Advisory Council and the Radio Advisory Board of Canada on an ongoing basis.	80 percent of submissions are completed within 10 working days.	All submissions are completed within an average of 10.4 days.
Fee-setting Authority**: FAA	Total: 348,870	Total: 93,134			
Canadian Intellectual Property Office (CIPO)					
CIPO grants or registers ownership for five types of intellectual property: patents, trade-marks, copyrights, industrial designs and integrated circuit topographies Fee Type*: R Fee-setting Authority**: PR, TR, IDR, CR	Application: 13,860 Examination: 16,925 Registration/grant: 5,927 Assignment: 6,842 Maintenance fees: 38,693 Other revenues: 4,698 Total: 86,945	Total: 89,427	The first round of formal consultations regarding the proposed changes to the user fees was undertaken with stakeholders during the period from October 28 to December 6, 2002. The proposed amendments were published in the <i>Canada Gazette</i> , Part I, on March 8, 2003. Stakeholders were permitted to provide further comments during the 30-day comment period. The final fee changes were published in the <i>Canada Gazette</i> , Part II, on June 18, 2003, with the majority of the changes coming into force on January 1, 2004. Fees relating to new international services will come into force in the second half of 2004.	TBC	TBC

*Fee Type:

Regulatory Service (R)
Right and Privilege (R&P)
Other Goods and Services (O)

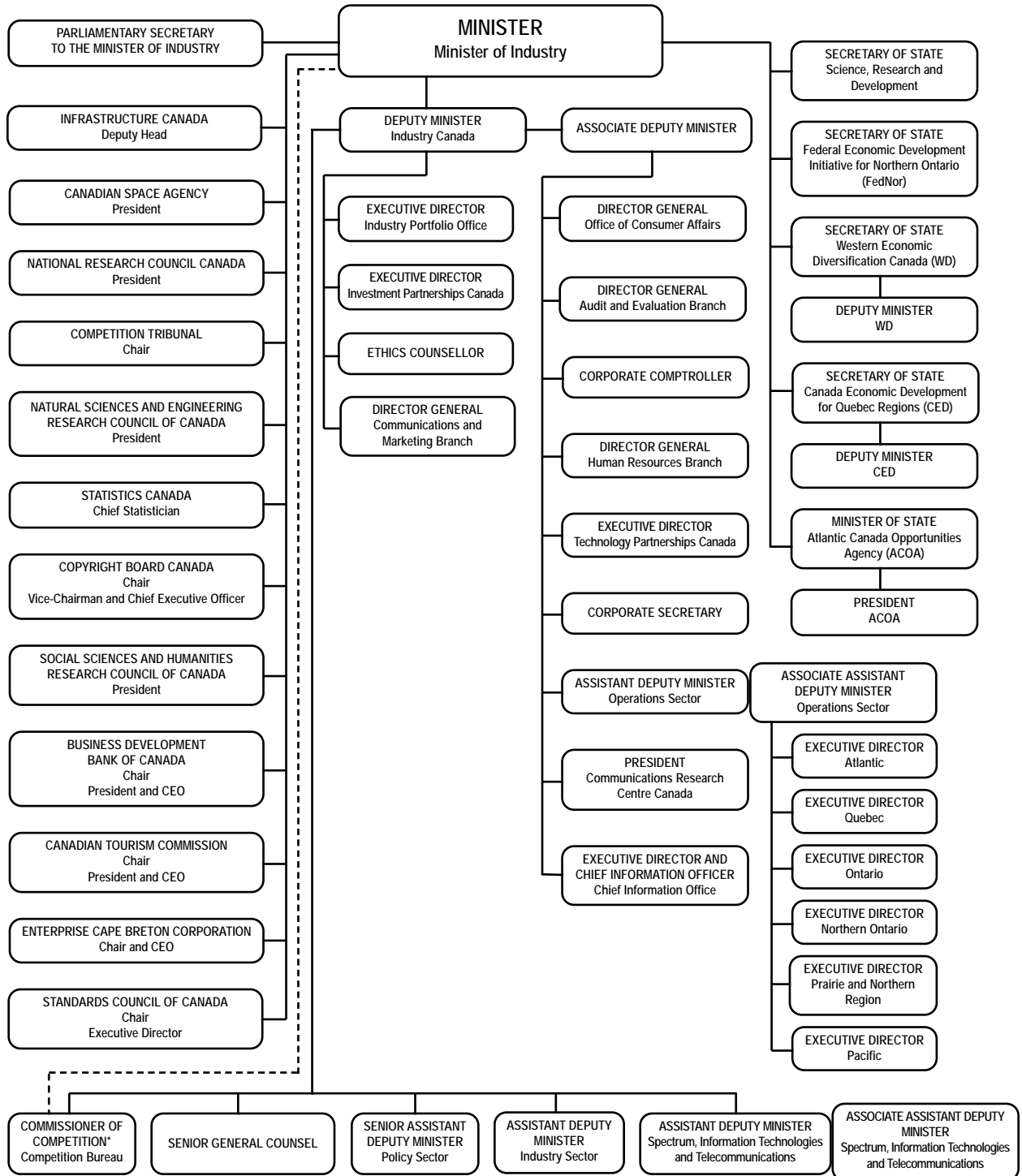
**Fee-setting authority:

BIAR *Bankruptcy and Insolvency Act and Rules*
CBCA *Canada Business Corporations Act*
CCA *Canada Corporations Act*
CcoopA *Canada Cooperatives Act*
CR Copyright Regulations
CSBFA *Canada Small Business Financing Act*
DIA *Department of Industry Act*
EGIA *Electricity and Gas Inspection Act*
FAA *Financial Administration Act*
IDR Industrial Design Regulations
PR Patent Rules
RA *Radiocommunication Act*
SBLA *Small Business Loans Act*
TLA *Textile Labelling Act*
TR Trade-marks Regulations
WMA *Weights and Measures Act*

Section 5:

Other Information

5.1 Industry Portfolio Organizational Structure



* Reports to the Deputy Minister for administrative and financial purposes and reports to Parliament via the Minister in respect of independent law enforcement role.

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