



INDUSTRY CANADA ANNUAL REPORT 1996-1997



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OUR MISSION: HELPING TO IMPLEMENT THE GOVERNMENT'S JOBS AND GROWTH AGENDA

Canada's economic challenge is to seek opportunities for jobs and growth in a rapidly evolving economy . . .

- Canada is one of the most prosperous nations in the world. However, as in many other G-7 countries, Canadians are feeling increasingly insecure about their own livelihoods and the level of prosperity available to their children. While they may understand that the Canadian economy is undergoing a structural shift as it adapts to the advances of technology, and may accept that technological advances raise productivity and increase growth, they do not connect this growth to an increase in jobs and economic security.
- Over the past two and a half years, Canada has created 600 000 net new jobs, despite a loss of 80 000 public service jobs. At the same time, Canada's performance on a number of longer-term economic fundamentals remains weak. Since the 1970s, Total Factor Productivity has been growing at only 0.2 percent per annum. Trade performance has been strong, but Canada's trade success is still heavily weighted toward the United States market and resource-based industries. The 1995 review of Canada by the Organisation for Economic Co-operation and Development (*OECD Economic Surveys — Canada: 1995*) describes Canada as suffering from an "innovation" or "knowledge" gap. Canadian firms, particularly small and medium-sized enterprises (SMEs), lag behind their American, Japanese, German and French counterparts in adopting new technology, and their existing technologies are often out-of-date. Canada's research and development (R&D) expenditure as a share of gross domestic product (GDP) is currently among the lowest of the OECD member countries.

A new approach to creating economic growth and jobs . . .

- The role of government in the economy is being fundamentally rethought, prompted by these pressures as well as by the realities of fiscal restraint and the need to reassess the federal role.
- The *Jobs and Growth Agenda* is distinguished from past government efforts to create growth by its emphasis on underlying structural factors in the economy, rather than simply buying investments and jobs, a strategy that proved both unsuccessful and unsustainable. These structural factors — technology, trade, investment, and a skilled work force to use them — are of critical importance at the end of the twentieth century as economies become more open and their competitive advantages are increasingly determined by knowledge and the application of technology. A framework for addressing these factors was introduced in a series of *Agenda: Jobs and Growth* discussion papers in 1994, including *Building a More Innovative Economy* (BMIE) issued by the Minister of Industry. The government has applied many of the elements of this framework in the last two federal Budgets.

Industry Canada has been given the tools to help implement the Jobs and Growth Agenda . . .

- As the government clearly articulated a new way of approaching economic development, it also grouped within Industry Canada many of the tools with which government can influence how the modern micro-economy functions. Industry Canada, for the first time, incorporates a wide grouping of framework and industry sector development functions

related to business as well as to consumer “development,” creating an organization that is at once both comprehensive and highly diverse. These services are delivered through 90 points of delivery in 57 communities. Industry Canada’s activities are captured under three Lines of Business:

- **Micro-economic Policy:** setting key parts of the business and consumer policy framework.
- **Marketplace Rules and Services:** delivering a forward-looking legislative framework that can serve as an international benchmark, effective compliance programs and a wide range of client services that ensure a fair, efficient and competitive marketplace for businesses and consumers.
- **Industry Sector Development:** helping business to compete, through strategic approaches to trade, technology and investment, and in addition providing focussed activities for tourism, communications research, Aboriginal businesses, Northern Ontario, small businesses, youth, and the Information Highway.

... while promoting sustainable development ...

- Within each line of business, Industry Canada will help foster sustainable development as a part of a longer-term tool kit for Canadian competitiveness in the global marketplace.

In contributing to the Jobs and Growth Agenda, Industry Canada has faced considerable challenges over the past year ...

- Given the significant resources that had been devoted to providing direct financial assistance to business, Industry Canada’s program structure and budgets were deeply affected by the 1995 Budget. The department terminated, or did not renew, over 40 programs representing nearly 80 percent of its program portfolio. Fiscal savings for the Budget deficit were very large, with total savings from 1995 to 1998 of \$453 million. From 1994-95 to 1998-99, total staff levels will decline by some 23 percent from the original base of 5652, or close to 1300 people, following Program Review I and II.
- Through this downsizing, Industry Canada is meeting these challenges — fiscal, policy, service delivery and human resources — due in no small part to the flexibility and dedication of its staff.

... by not only hitting its downsizing targets, but also responding with creative new initiatives ...

1995-96 ACCOMPLISHMENTS

Industry Canada has restructured the department and has designed new programs and structures to support the *Jobs and Growth Agenda*. Our accomplishments over the past year included the following actions:

Micro-economic Policy

- led the development of key **horizontal policy initiatives**, such as:
 - developing the federal S&T strategy, *Science and Technology for the New Century*, announced in March 1996 (*see box*)

New S&T policy

Industry Canada led the development of a government-wide S&T strategy. Based on extensive consultation within and outside government, the strategy outlines key goals, priorities and directions to be implemented in coming fiscal years, including a new governance and management regime for S&T in all departments and agencies.

- developing a framework for new International Business Strategies, jointly with the Department of Foreign Affairs and International Trade (DFAIT)
- implementing the Internal Trade Agreement, which came into force in July 1995.
- conducted an **extensive research and publication program** on micro-economic issues, including:
 - publishing two major volumes on corporate decision making and knowledge-based growth, which provide analytic support to policy development for these important aspects of building a growth-oriented, modern economy
 - releasing 30 discussion, analytic and empirical papers on issues dealing with industrial structure, trade, technology, tax and investment

- supporting the research program with seminars, workshops and conferences by leading Canadian and foreign micro-economists and policy analysts.
- continued the overhaul of **telecommunications policy** and regulatory framework so as to provide businesses and consumers with the benefits of competition in all aspects of the Information Highway. Our intention is to have one of the world's most pro-competitive, forward-looking and user driven frameworks in place by 1998 (*see box*).

Moving ahead with telecommunications policy

- Successfully negotiated spectrum for Canadian-supported global mobile satellite systems at a World Radiocommunication Conference.
- Licensed four competitive suppliers of personal communications services (PCS), the new digital wireless technology that will provide users with a low-cost, portable on-ramp to the Information Highway and create an estimated 8500 new jobs.
- Issued a call for licensing for wireless broadband and services (Local Multipoint Communications Systems or LMCS). This has potential to become an alternative to the existing cable and telephone systems.
- Created a competitive model for the delivery of direct-to-home satellite services, in cooperation with Heritage Canada.
- Rebalanced local and long distance telephone rates, bringing prices of these services closer to their actual costs.
- Concluded the first round of the Information Highway Advisory Council (IHAC), and received and developed a detailed response to IHAC's 300 recommendations.

Marketplace Rules and Services

- **National and international marketplace frameworks:** proposed amendments to a number of important marketplace framework laws to respond to new economic realities and client needs, and signed a Canada-U.S. policy agreement that establishes close cooperation related to competition and antitrust legislation (*see box*).

Legislative accomplishments

- Tabled legislation or proposed amendments to:
 - *Bankruptcy and Insolvency Act*
 - *Companies' Creditors Arrangement Act*
 - *Standards Council of Canada Act*.
- Consulted on proposed amendments to:
 - Phase II reform of the *Canada Business Corporations Act*
 - *Competition Act*.
- Prepared amendments to the *Copyright Act*, with Canadian Heritage.

- **Effective administration and client services:** contributed to marketplace efficiency and confidence by ensuring compliance with the law and successfully delivering services in response to growing client demand, through new technology, process re-engineering and client consultation (*see box*).

Responded to client demands

- Incorporated 8400 new businesses, bringing the stock of federally incorporated businesses to 185 000.
- Processed 67 900 intellectual property applications while maintaining a five-year break-even plan.
- Completed 46 700 competition-related complaints, pre-merger notifications, advance rulings and information requests.
- Supervised 78 600 (20 percent more) bankruptcies while maintaining current service levels.
- Issued 70 000 radio licences.
- Conducted 12 000 consumer product inspections and warnings.
- Enabled private sector lenders to provide 33 000 small business loans.

- **Helping clients to profit from marketplace information:** increased electronic access to marketplace information through projects such as development of **TECHSOURCE**, a ten-year patent automation project begun in 1986, and by offering marketplace information on *Strategis*.

Industry Sector Development

- re-engineered our approach to industry development, concentrating on trade, technology, investment and information products for the sectors on which the department focusses, together with specialized activities for tourism, communications research, Aboriginal businesses, Northern Ontario, small businesses, youth, and the Information Highway. Highlights include:
 - **Trade:** with DFAIT and other departments, implemented a new approach to trade development to increase the number of Canadian exporters and diversify markets (*see box*).
 - **Technology:** developed Technology Partnerships Canada (TPC), a new partnership approach with the private sector to invest in research, development, demonstration and market development of environmental technologies, certain enabling technologies, aerospace and defence, and defence conversion.
 - **Investment:** with DFAIT and the Industry Portfolio, targeted investment promotion efforts, which resulted in several major investments, including a \$650-million investment by the Wallenberg group in a Cape Breton pulp and paper mill, and major investments by Toyota and Honda.
 - **Information Products:** launched by the Prime Minister in March 1996, *Strategis* is the largest business Internet site in Canada, with 60 000 reports, 500 000 pages of text, and two gigabytes of statistical information.
 - **Canadian Tourism Commission:** established as a fully functional Special Operating Agency, with a federal-provincial-private sector board directing joint tourism marketing efforts (*see box*).

New approach to trade development: Team Canada — partnerships to increase number of exporters and diversify markets

- With DFAIT, other federal departments, provinces and the private sector, developed International Business Strategies for 18 industry sectors, specifying actions with all partners to capitalize on global opportunities and to build on the competitiveness of Canadian industry.
- Established 17 National Sector Teams of federal, provincial and private sector partners to develop trade strategies, information and services to assist companies in their exporting efforts — six more are in initial stages.
- Opened an International Business Opportunities Centre jointly with DFAIT.
- Led by our International Trade Centres, established Regional Trade Networks in all 10 provinces with federal and provincial partners in industry, regional development, agriculture and fisheries departments. The goal is to provide efficient, effective trade services to companies in export preparation, market information and intelligence, counselling and international financing.
- Concluded nine agreements or understandings with provinces and territories to harmonize trade services, forming the basis for seamless delivery through the Regional Trade Networks.
- Developed an evergreen Regional Calendar of trade training and market development events for diffusion on the *Strategis* Web site.

Canadian Tourism Commission: An industry-led public-private partnership

The CTC was established as a special agency in October 1995 to sustain a vibrant and profitable Canadian tourism industry.

A 26-member board, drawn mainly from industry, directs CTC activities, supported by eight industry-chaired committees. Since its creation, the CTC has attracted \$40.9 million in private sector investment, increasing total program spending to over \$90 million annually.

- **Communications Research Centre (CRC):** developed integrated testbeds to assist industry in addressing Information Highway technical issues related to interoperability, interconnectivity, applications and access. The CRC also created the Innovation Centre, which currently has eight companies participating (two of which are employee spinoffs). In total, some 60 jobs have been created or maintained by companies during their stay at CRC.
- **Federal Economic Development Initiative in Northern Ontario (FedNor) and Aboriginal Business Canada:** announced new program and service structures, which rely less on funded programs, and more on partnerships, community development and innovation.

■ **Small Business:**

- worked with the Department of Finance, the Industry Committee and the Canadian banks to help establish an ombudsman for the banking system.
- implemented a range of mechanisms to help small businesses grow (*see box*).

**Helping small businesses grow:
Access to financing**

- Federal Business Development Bank (FBDB) transformed into the Business Development Bank of Canada.
- Canada Community Investment Plan (CCIP) pilots launched — assist SMEs to access venture capital and technical support in smaller communities.
- Improved the lending capacity of the *Small Business Loans Act* (SBLA).

- Supported significant reductions in paperburden and improvements to regulatory frameworks in cooperation with Treasury Board, Revenue Canada, other key departments and the private sector.

■ **Putting Canadians, especially our youth, on the Information Highway:**

- **SchoolNet** connected 6000 schools to the Internet, as well as over 100 of the First Nations schools. Over 1000 services and resources were provided on the SchoolNet gopher and Web sites (*see box*).

SchoolNet: Preparing our students for the future

6000 schools, including over 100 First Nations schools are now on-line with SchoolNet. SchoolNet now offers over 1000 services to those schools, including:

- the National Graduate Register, a searchable database containing graduate profiles available for searches by employers.
- the SchoolNet Books of Remembrance On-Line, a digitized version of the originals, which list the names of Canada's war dead, prepared by Canadian high school students.
- the SchoolNet Grass Roots Program, which encourages the creation of Internet-based educational content by teachers and their students. Over 100 projects involving hundreds of schools from across the country are already under way.

- **Community Access** has signed agreements to connect 380 rural and remote communities to the Internet.
- **Student Connections Program** announced a three-year initiative that will employ 2000 students to help 50 000 small firms use the Internet and on-line business services.
- **SchoolNet Digital Collections:** funded by the Youth Initiative, this program gives young Canadians an opportunity to acquire technology-based work experience by digitizing heritage and scientific material for mounting on SchoolNet. Thirty pilot projects have been completed.

THE CHALLENGES AHEAD: INDUSTRY CANADA'S BUSINESS PLAN FOR THE NEXT THREE YEARS

Industry Canada will continue its focus on priority Jobs and Growth Agenda initiatives . . .

- The focus in the next three years will be to deliver on the policy and program agenda we have set out in *Building a More Innovative Economy* (BMIE), and more recently in the 1996 Speech from the Throne and the 1996 Budget, which further deepen and strengthen the new initiatives launched in 1995-96. Response from our clients and the international community indicates that we are heading in the right direction — we must stick to this agenda and deliver.
- The 1996 Speech from the Throne and the 1996 Budget reinforced this message: the jobs and growth priorities are international trade, science and technology, youth and promotion of a favourable economic climate. Industry Canada was given scarce reallocated resources to implement the Technology Partnerships Canada program, extend Information Highway access via the **Community Access Program**, and implement several new programs for youth.

. . . in delivering on these priorities, we will be developing new ways of doing business — a focus for the next three years . . .

- Over the next three years, we will place a premium on doing business smarter; that is, by delivering services in new ways to clients, through:
 - building better links to clients through a major departmental and ministerial **consultation strategy**, with a bigger role for regional offices in providing region-specific feedback on client needs and market research on client service requirements. We will also seek views of all staff on how best to achieve our objectives.
 - using **technology** to reach and help clients, both by increasing electronic access to information and by increasing electronic data interchange (electronic commerce).
 - expanding **partnerships**, both with other governments and the private sector. Partnerships

encompass a broad range of activities, including joint delivery, third-party delivery and licensing. The intent is to focus government resources on core functions while leveraging resources of other groups and increasing their commitment.

- increasing delivery flexibility through new **organizational forms**, such as Special Operating Agencies, that permit greater focus on meeting client needs.
 - **measuring performance** so that we can improve it through the development of an Accountability Framework, supported by concrete performance measures.
 - **tapping the skills of our people** and maximizing their abilities through training and workplace renewal.
 - becoming **more financially self-sustaining** through revenue generation and reinvestment.
- These themes cross all lines of business: for illustrative purposes, examples are highlighted in the summary of commitments that follow.

. . . and we will be working with our colleagues within the Industry Portfolio to develop more opportunities for partnerships to improve service to clients . . .

- Industry Canada's tools are complemented by the wide range of functions within the Industry Portfolio. In addition to the Industry Canada activities described above, the Portfolio now covers such diverse capabilities as performing and supporting advanced scientific research and assisting the growth and diversification of Canada's regional and local economies.
- In total, the Industry Portfolio assembles, under one minister and three secretaries of state, 13 departments and agencies having a combined budget of over \$3.7 billion and a staff of 14 500 people.
- A priority over the three-year period will be greater coordination of selected activities within the Industry Portfolio, particularly trade development, technology and small business activities.

KEY PRIORITIES AND DELIVERABLES

Micro-economic policy will focus on leading on key horizontal files, with emphasis on technology, trade, telecommunications, youth and client consultation . . .

- **Science and Technology:** In the coming year, the key priorities will be implementation of the S&T Action Plan, development of a departmental technology business plan and consideration of how the federal government could improve science and innovation culture in Canada. In the medium term, priorities include Phase 3 of the Networks of Centres of Excellence, and Phase 3 of CANARIE (Canadian Network for the Advancement of Research, Industry and Education).
- **Trade:** Focus will be on developing, with DFAIT, the new International Business Strategies, and developing international technology and investment strategies.
- **Youth:** As a key element of the federal Youth Initiative being developed by the Minister of Human Resources Development, a **Portfolio-wide youth framework** will also be articulated. This framework will reflect the Portfolio's considerable array of strengths, from needs assessment to service delivery. Particular emphasis will be given to developing initiatives that focus on enhancing youth's technological and entrepreneurial skills.
- **Telecommunications and Information Highway policy:** Priorities for 1996-97 are to issue an implementation timetable for policy on competition between telecommunications and cable companies, collaborate with Heritage Canada on Canadian content and affordable access strategies, and develop with the Department of Justice a legislative framework for the protection of personal data in the private sector and the tackling of legal issues connected with the use of electronic commerce.

New ways of doing business: Implementing the departmental consultation framework

Industry Canada is implementing a consultation strategy, which will promote a consultative culture at all levels in the department, and will shift the focus from file management toward relationship-building with key clients and stakeholders.

A key element of the strategy has been the identification of 19 key associations and appointment of departmental "champions."

Initiatives in 1996-97 will include:

- Deputy Minister's weekly visits to key clients
- bilateral consultations with key associations, led by departmental "champions"
- regular dinner meetings between key national and sectoral associations with senior departmental management
- development of Client Profiles Database, a Lotus Notes pilot application.

- **Micro-economic research:** Emphasis will continue to be placed on developing micro-economic analytic capability in support of policy development. Up to 40 research papers and reports on technology, human resources, trade, investment, infrastructure, business framework, patenting and taxation issues will be published. The Research Publications Program will focus on *The Implications of Knowledge-Based Growth for Micro-economic Policies*, *The Growing Importance of the Asia Pacific Region in the World Economy: Implications for Canada* and *Capital Market Issues*. Quarterly and monthly publications (*Economic Good News Update*, *Monthly Economic Indicators*, *Micro-economic Monitor*) will continue.
- **Consumer policy:** The focus will be on building consumer group self-sufficiency and analytical capacity in order to strengthen the consumer voice in the wide range of federal departments and agencies with consumer responsibilities.

Marketplace rules and services will keep legislative frameworks up-to-date, provide effective client service, and help clients profit from marketplace intelligence . . .

- **Responsive marketplace frameworks:** Industry Canada will re-examine a number of its marketplace **legislation and international agreements** to ensure they reflect the changing domestic and global economy and do not impose undue costs on business. The department's ultimate objective is to develop frameworks that are international benchmarks and that will promote Canadian standards globally, thus supporting Canadian firms in their efforts to do business outside the country. Amendments and reviews proposed include:
 - *Competition Act* (1996-97)
 - *Copyright Act* (1996-97)
 - *Standards Council of Canada Act* (1996-97)
 - *Bankruptcy and Insolvency Act* (1996-97)
 - *Canada Business Corporations Act* (1997-99)
 - *Small Business Loans Act* (1997)
 - parliamentary review of Bill C-91, dealing with patents on pharmaceutical products
 - initiatives to support the national standards system.

- As an example of **international framework setting**, work will continue with international groups to harmonize international standards and approaches for intellectual property, competition law and legal metrology. Industry Canada will also contribute to the World Radiocommunication Conference in 1997 (WRC 97), an international spectrum conference that ensures Canadian success in securing access to international radio frequency spectrum.
- **Improving compliance and effective client service, through innovation and higher productivity:** Over the next three years, the department will seek to maintain compliance with marketplace laws, focus on increasing efficiency in inspections, and deliver new services directed particularly at SMEs. Work in 1996-97 will include:
 - a survey of selected SMEs and law firms to identify their service needs respecting incorporations and related issues

**New ways of doing business:
Innovative service delivery approaches**

- Explore special operating agency status for Bankruptcy, Corporations and Legal Metrology branches.
- Make more services on-line in Corporations, Bankruptcy, Intellectual Property and Legal Metrology branches.
- Extend Legal Metrology Branch's accreditation program to enable more private sector organizations to inspect measurement devices.
- Find potential commercial partners to deliver aspects of bankruptcy services and provide information products.

- an extensive research program to identify the service needs of SMEs regarding Canada's intellectual property system
- focussing legal metrology inspection in specific areas where there are new developments in measuring devices, where compliance is low and/or volume of trade is high

- opening up access to new areas of spectrum, combatting illegal spectrum use and providing new services
- simplifying administrative procedures for the *Small Business Loans Act*
- responding to an increasing demand for client services.

■ **Helping clients profit from marketplace**

information: Over the next three years, the department will develop and deliver a range of marketplace information products, including:

- a handbook for small businesses on the causes and trends in bankruptcy
- continuing implementation of TECHSOURCE (*see box*)

New ways of doing business: TECHSOURCE

Automation of the Canadian patent system within the Canadian Intellectual Property Office (CIPO) will achieve real economic benefits and enable those benefits to be realized equitably across Canada. These benefits include:

- assisting Canada's position in international markets by providing Canadians with access to a state-of-the-art system with current technological information
- ensuring equal access to patent information from all parts of Canada
- facilitating SME access to the technological information resident in the patent system
- assisting patent information users to find solutions to technological problems, avoid wasteful duplication of research and development, enhance productivity and increase the transparency of the market for intellectual property.

- making more marketplace information available through *Strategis*, such as data on incorporations, legal metrology and bankruptcy and information on consumers and the marketplace.

The Industry Sector Development line of business will deliver updated versions of a number of recent initiatives, while building trade, investment and sectoral expertise . . .

■ **Trade:** The focus in 1996-97 will be on further developing and implementing the 18 Industry Canada-led International Business Strategies, refining the content and strategies contained in the ten Regional Trade Plans, building National Sector Teams, and establishing service delivery strategies for the ten Regional Trade Networks (*see box*).

***New ways of doing business:
Team Canada pilot in our regional offices***

- In order to better assess the performance of the International Trade Centres, national client tracking and service standards will be implemented in some regions.
- The Quebec region will pursue quality certification to ISO 9000 for international business development services.

■ **Information products:** *Strategis* gives us the ability to reach clients directly through the Internet. A priority for 1996-97 will be to support this technology with enhanced information products, including:

- marketplace information
- export tool kit for the Regional Trade Networks
- sectoral investment strategies
- upgrading the Business Impact Test for on-line access
- establishing a single-window electronic information service on consumer issues
- Steps to Competitiveness: a diagnostic tool to help firms in the service sector improve access to foreign markets.

New ways of doing business: Strategis — our new approach to delivering information products and services (<http://strategis.ic.gc.ca/>)

- A powerful search engine and its availability to users throughout Canada via the Internet makes *Strategis* a formidable delivery vehicle for the department's information products. *Strategis* is already being accessed by over 1000 users a day.
- Planned improvements to *Strategis* will also allow clients to do business with the department such as registering or filing applications and conducting commercial transactions.
- Partnerships with other government departments, non-governmental organizations and the private sector will significantly increase the range of information products and services that will be available on *Strategis*.
- Our regional offices are providing locally tailored marketing and training on *Strategis* to clients and partners to maximize availability, awareness and usage.

■ **Technology:** Key commitments are to implement **Technology Partnerships Canada** (*see box*), develop technology road maps in seven sectors, promote the adoption of technology, develop services in partnership with the National Centre for Manufacturing Science and the Japanese Manufacturing Engineering Exchange, and expand the role of the Communications Research Centre testbeds.

New ways of doing business: Technology Partnerships Canada (TPC)

- TPC is financially innovative. It is cost-shared, with the private sector bearing the majority of the cost and the government sharing in upside returns on successful projects.
- TPC will be implemented using partnerships with the private sector:
 - guided by government/industry strategies
 - overseen by a private sector-based advisory board
 - whenever possible, working with the private sector to deliver the program in a cost-effective manner.
- The department is seeking authority in the next fiscal year for potential Special Operating Agency or equivalent status.

■ **Investment:** We want Canada to be the "NAFTA location of choice" for foreign investors. Key 1996-97 deliverables are to develop and begin implementation of a new government strategy on investment, in partnership with DFAIT, and to establish a new Major Investment Promotions Unit (jointly with DFAIT). This unit will allow us to identify a limited number of high-impact opportunities to attract, expand or retain multi-national investment in Canada.

■ **Sectoral development:** We will roll out our new approach to analyzing industrial sectors through Sector Competitiveness Frameworks (SCFs), with publication of 25 SCF Outlook Papers to set the scene for Sectoral Action Plans.

- **Canadian Tourism Commission:** The CTC will attract partners and increase partner funding to \$50 million, which combined with a similar amount of federal funding will enhance its ability to promote Canada as a four-season destination, raise awareness of Canada in all primary markets, and target lucrative but highly competitive markets.
- **Communications Research Centre:** The CRC will move forward aggressively to enhance the pace of business development with both internal and external clients. Priority will be given to developing close partnerships with the private sector and other organizations within the government.
- **FedNor:** The new FedNor approach is based on networking, improving access to capital through “Loan Loss Reserve” arrangements with financial institutions, community-based economic development through service delivery partnerships with Community Futures Development Corporations (CFDCs), and improving access for Aboriginal, youth and women entrepreneurs (*see box*).
- **Aboriginal Business Canada:** With the direction of its National Aboriginal Economic Development Board, the program is acting on four new strategic priorities — trade, technology, access to business capital, and youth entrepreneurship. Specific initiatives for 1996–97 are linking Aboriginal businesses to the Information Highway, launch of a national Aboriginal Trade and Export Directory, trade missions, and preparing an International Business Strategy for Aboriginal goods and services.
- **Putting Canadians on the Information Highway:** New initiatives begun in 1995–96 — **Student Connections Program** and **SchoolNet Digital Collections** — will continue. Under the **SchoolNet Program**, all of Canada’s schools and libraries will be encouraged to connect to the Internet by 1998, as well as all 447 First Nations schools under federal jurisdiction by the end of 1996–97. Expansion of **Community Access** will continue, with a target for connectivity of 1500, representing a quadrupling of present numbers.

New ways of doing business: FedNor

FedNor’s goal is to create a vibrant and effective Northern Ontario network of business people, educators, officials and community leaders, linked electronically and able to respond to economic challenges and business needs. Specific initiatives will include:

- establishing a distinctive Northern Ontario Web site
- developing seamless partnerships among stakeholders, including provincial economic development officers, Community Futures Development Corporations and others
- developing partnerships with the banks to enhance access to capital.

BETTER USE OF INDUSTRY CANADA'S HUMAN RESOURCES AND FINANCES

Industry Canada's objectives are to manage employment adjustment, renew and revitalize our work force, and create a stimulating, positive work environment . . .

- The Program Review I objective of a reduction of 1165 full-time equivalent positions will be achieved as projected in the 1995-96 Departmental Business Plan. The department faces a further reduction of an estimated 145 full-time equivalent positions as a result of Program Review II. As before, we will attempt to implement these reductions as rapidly as possible.
- Through a variety of innovative work arrangements, bridging programs and special incentive packages, the department sought and will continue to minimize the impact of job reduction on remaining employees, and will provide tangible help to those directly affected by job cuts.
- To derive full advantage from the skills and potential of its staff, Industry Canada will encourage more innovative management practices to promote sharing of knowledge and skills development. The department will do its utmost to create a stimulating, positive work environment — one where people are treated with respect and fairness.

The department is meeting its Program Review commitments, and is reallocating funds to meet jobs and growth priorities . . .

- The department will meet its Program Review targets. Total reductions from Program Review I mean that Industry Canada's base budget has been reduced by \$93 million in 1995-96, \$148 million in 1996-97 and \$212 million in 1997-98. (Reductions were offset by \$25 million each year as a credit for increased Small Business Loans Administration revenues.)

New ways of doing business: Industry Sector: Empowering teams

As a result of the 1995 Budget, Industry Sector faced reductions of 40 percent in staff, 50 percent in management, and the virtual elimination of its sizable financial assistance programming.

In response, Industry Sector re-engineered its activities to focus on trade, investment, technology and human resources development, and introduced a flat, matrix-style management model with empowered teams.

Innovative approaches were taken to the transition:

- At the front end, management committed to client service, respect for others, balance in the workplace, striving for excellence, employee development and teamwork.
- A management coach from the Canadian Centre for Management Development (CCMD) provided advice to managers.
- A team-oriented training plan was devised with the help of CCMD and the Niagara Institute, and a pro-active plan for communicating to clients was developed.
- A plan for better communication internally and externally was implemented to improve priority setting based on client needs.

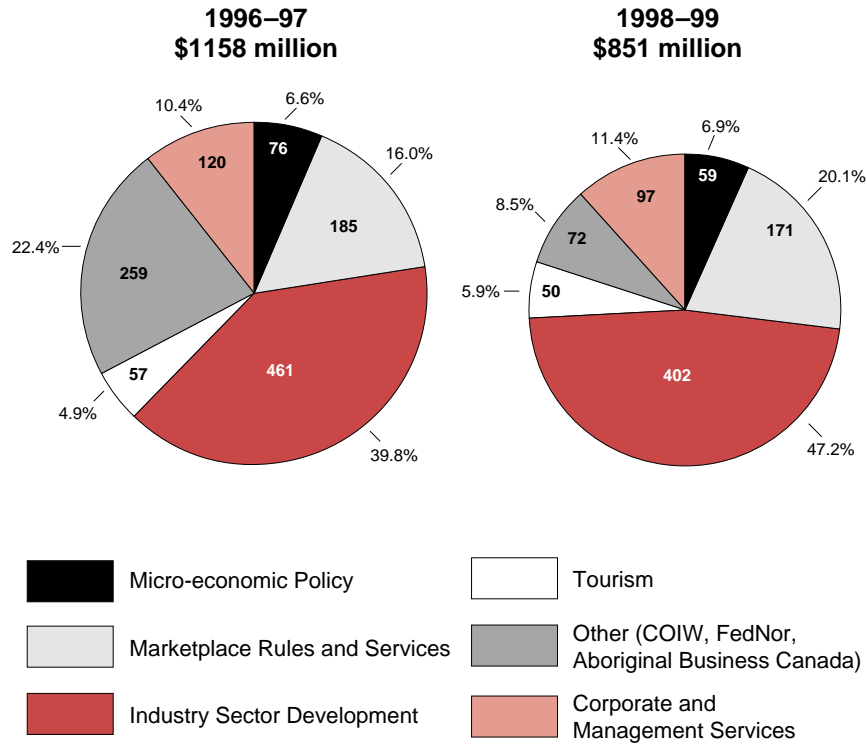
Results to date: embarking on a cultural shift and aiming for a workplace that is less hierarchical and encourages more strategic thinking.

- The department will shift resources among its lines of business to meet jobs and growth objectives. For example, the department has reallocated \$110 million toward Technology Partnerships Canada, and will reallocate reserves in support of the expanded Community Access Program, the new trade development approach and investment promotion.
- Industry Canada also received additional resources for Technology Partnerships Canada as well as certain Youth and *Building a More Innovative Economy* (BMIE) initiatives, which will allow for the effective implementation of these initiatives.

The department is seeking to become more financially self-sustaining through the use of vote-netting, revenue retention, and revolving funds . . .

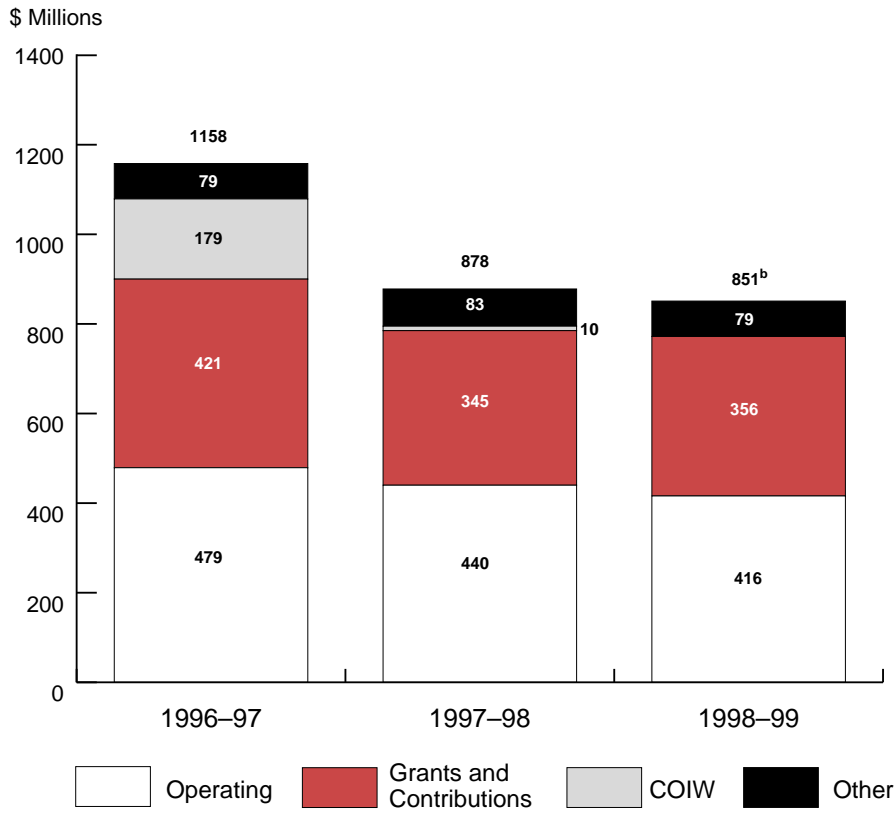
- Industry Canada is placing more emphasis on funding through the collection and reinvestment of revenues, through actions such as:
 - establishing an effective collection process for repayable contributions
 - taking more advantage of revenue reinvestment opportunities — e.g. spectrum management
 - developing a product pricing and marketing strategy to ensure the sustainability of *Strategis*
 - investigating greater recovery of costs associated with the provision of some services in Legal Metrology Branch and the Competition Bureau
 - increasing the use of vote-netting authority for Bankruptcy Branch, the Communications Research Centre, *Strategis* and Corporations Directorate.

Financial Resources, by Line of Business^a



^a Includes March 6, 1996, Budget resources, based on best estimates subject to confirmation at a later date.

Financial Resources, by Type of Expenditure^a



Note: Other includes statutory items and CIPO. 1996-97 Grants and Contributions include Bombardier/de Havilland and CPF/TRUMP.

^a Includes March 6, 1996, Budget resources, based on best estimates subject to confirmation at a later date. The budgets shown are the same as those in the department's recently released 1996-97 Outlook document, except that the Canada-Ontario Infrastructure Works program is not included in the Outlook document.

^b Program Review II reductions total \$23 million. The 1998-99 figure shows a reduction of \$13 million. The department will be requesting the balance of \$10 million to be released back upon demonstration that revenue retention and SOA/innovative partnerships have been implemented to contribute to the savings.