

Western Economic Diversification Canada

2006-2007

Report on Plans and Priorities

Carol Skelton

The Honourable Carol Skelton, P.C., M.P.
Minister of National Revenue
and
Minister of Western Economic Diversification

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SECTION I – OVERVIEW

Minister's Message

Western Canada is well positioned to be an economic leader within Canada and in the global marketplace.

Western Economic Diversification Canada (WD) has the mandate to provide a strong federal presence in the West and to lessen Western Canada's economic dependence on its natural resources.

In fulfilling its mandate the department works in partnership with other orders of government and organizations throughout the West, to advance its priorities.

The department's activities and investments have been concentrated on investments in innovation, entrepreneurship and small business support.

Innovation provides an essential advantage in the increasingly competitive global economy. WD works to enhance Western Canada's performance in this area by investing in critical stages of the innovation process.

As the source of nearly 80 per cent of all new jobs across the West, small businesses are a critical source of economic growth. WD supports entrepreneurship through the Western Canada Business Service Network, which provides direct services to help entrepreneurs in urban and rural communities to create and grow their businesses.

The department has also increased its emphasis on international trade and investment to ensure that the West can compete with the best that the world has to offer. For example, WD is working to improve access to the large and fast-growing markets of Asia.

Another important role for WD is strengthening communities by developing cost-shared arrangements and delivering initiatives in partnership with other orders of government. These arrangements include the Western Economic Partnership Agreements and infrastructure agreements, designed to meet regional needs while fostering a higher quality of life in western communities.

Since my appointment as Minister of Western Economic Diversification, I have had the opportunity to review the range of programs and projects delivered by the department.

I have met with government and business representatives during my visits to the four western provinces. I have been consulting with Cabinet and caucus colleagues and senior departmental officials on the role and priorities of the government and WD in supporting economic growth and development in the West. I have also undertaken a series of external consultations with western Canadian business and community leaders to obtain their views on the role, activities and future directions of WD.



Based on what I have learned about the important work, opportunities and issues facing this department, I believe there is more work to be done. We can build on the successes of WD by enhancing the role that this regional economic agency plays in supporting long-term economic growth, diversification, and the development of the West.

It is clear that we all share a commitment to strengthen the economic growth of Western Canada and to rebuild trust in public administration. I am confident that we will meet the expectations of our government for transparency and full fiscal accountability to Canadians.

On behalf of Canada's new government, my focus as the Minister of Western Economic Diversification is to ensure that the department is a productive partner in helping the West achieve its full economic potential by building on our strengths in regional development policy.

In order to ensure a productive and competitive economy not just for today, but for the future, WD's policies and programs must continue to evolve in order to meet the needs of an ever-changing and growing West.

I look forward to sharing the results of our visioning consultations for Western Economic Diversification Canada.

A handwritten signature in cursive script that reads "Carol Skelton". The signature is written in dark ink and is positioned above a horizontal line.

The Honourable Carol Skelton, P.C., M.P.
Minister of National Revenue and
Minister of Western Economic Diversification

Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Report on Plans and Priorities (RPP) for Western Economic Diversification Canada.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- it adheres to the specific reporting requirements outlined in the Treasury Board Secretariat (TBS) guidance;
- it is based on the department's approved Program Activity Architecture structure as reflected in its Management Resources and Results Structure (MRRS);
- it presents consistent, comprehensive, balanced and accurate information;
- it provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- it reports finances based on approved planned spending numbers from the Treasury Board Secretariat in the RPP.



Oryssia J. Lennie
Deputy Minister
Western Economic Diversification Canada

Summary Information

Raison D'être – Western Economic Diversification Canada (WD) was established in 1987 to lessen the West's (British Columbia, Alberta, Saskatchewan and Manitoba) strong economic dependence on its natural resources. Under the *Western Economic Diversification Act, 1988*, the department is mandated to:

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

Regional development policies and programs are an important part of a comprehensive strategy to ensure that Canada's regions benefit from the opportunities of the new global economy. WD will continue to work closely with many partners to help SMEs compete and prosper in the global marketplace.

WD relies upon its strong relationships with provincial governments, municipalities, universities and local business and community economic development organizations to advance its three distinct, but interrelated strategic directions – innovation, entrepreneurship and community economic development.

Financial Resources (\$ thousands)

2006-2007	2007-2008	2008-2009
\$354,236	\$231,602	\$182,279

Human Resources - FTEs

2006-2007	2007-2008	2008-2009
390	383	383

Departmental Priorities

Priority	Type	Planned Spending* (\$ millions)		
		2006-2007	2007-2008	2008-2009
The following two management priorities support all of WD's strategic outcomes				

Implement a modern management agenda that focuses on improving management practices within the department including strengthening accountability to Canadians, integration of human resource planning with business planning, follow-up on the employee survey, and improving information management.	Ongoing	Program Activity – N/A Expected Result – Compliance with relevant Acts and Policies, clear accountabilities, integrated planning, and increased efficiency and effectiveness.	N/A	N/A	N/A
Implement changes to WD’s Strategic Framework resulting from WD’s consultations with western stakeholders.	New	Program Activity – N/A Expected Result – Revised strategic outcomes for WD focused on supporting economic and business activities that have clear economic benefits for Western Canada.	N/A	N/A	N/A

*Costs associated with these priorities are operating and maintenance (O&M) costs only and relate primarily to time spent by departmental officials.

For the current year, the department has limited its priorities to the two identified above. Over the summer, the Minister and the department undertook consultations with stakeholders across the West to examine WD’s strategic outcomes and priorities, and to discuss options for refocusing WD’s strategic directions. Once the outcome of this visioning exercise is finalized, priorities will be determined and implementation of them will begin to occur in the current fiscal year. WD’s 2007 – 2008 *Report on Plans and Priorities* will fully reflect any revisions to WD’s strategic directions.

Departmental Plans and Priorities

WD’s Planning Environment

The Rationale for Regional Development

Regional development has been an integral part of Canadian economic and industrial policy for many decades. Reflecting its importance as an essential part of Canada’s federal system of government, regional development policy and objectives are entrenched in Section 36 of the *Constitution Act, 1982*, which commits the federal and provincial governments to:

- promoting equal opportunities for the well-being of Canadians, and
- furthering economic development to reduce disparity in opportunities.

The need for regional development is rooted in the recognition that Canada is a vast and diverse country made up of a number of regions with distinct socio-economic

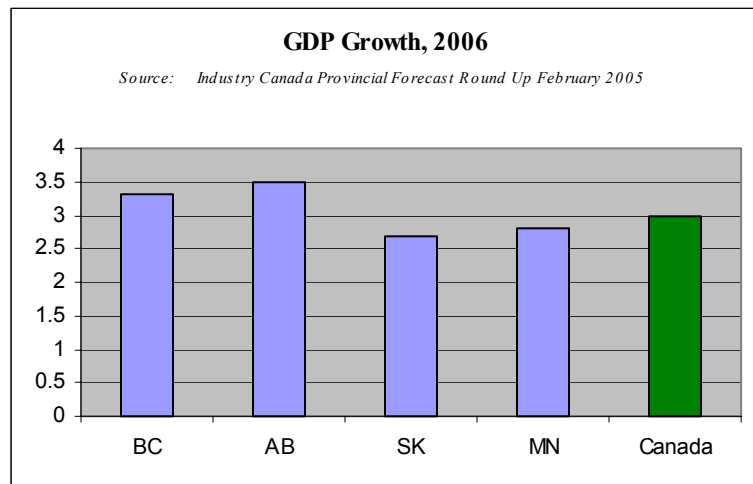
characteristics, industrial structure and varying economic potential. Historically, the emphasis of regional development was on reducing the economic disparities between provinces. The federal government provided regional development programs on a national basis and delivered them through departments with national mandates and structures.

More recently, the emphasis has shifted towards the development of economic opportunities and regionally tailored approaches. This regional approach resulted in the creation of a number of regional development agencies (RDAs), of which WD, through the *Western Economic Diversification Act, 1988* is responsible for economic diversification and development in the four western provinces, British Columbia (BC), Alberta (AB), Saskatchewan (SK), and Manitoba (MB).

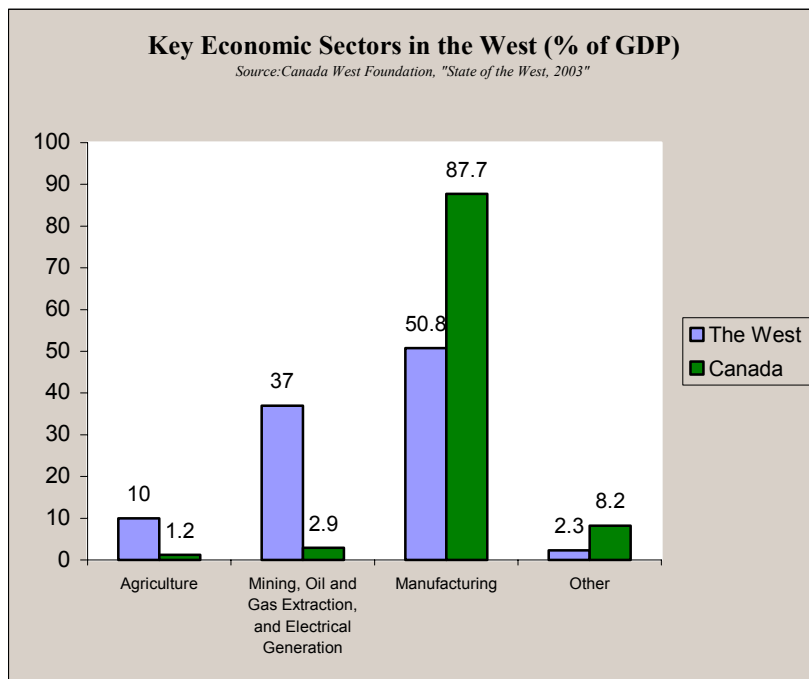
Western Challenges and Opportunities - the WD Response

It is important to recognize that there are considerable differences in the composition and performance of the four western provincial economies. For several years, the economic performance of Western Canada's economy has been strong, largely driven by high demand and market prices for many of the natural resources that have traditionally anchored the western economy: softwood lumber, crude oil, natural gas, minerals, and hydroelectricity. As a result, all four western provinces have experienced economic growth, albeit at significantly different rates. Alberta clearly has experienced the strongest growth, regionally as well as nationally, followed by British Columbia. These two provinces also attract many immigrants from abroad and are the target destination for many Canadians in search of jobs and high living standards. Based on the latest Statistics Canada census, the Edmonton-Calgary corridor is the fastest growing population area in Canada.

While British Columbia and Alberta are among the economic leaders in Canada, economic growth rates in Saskatchewan and Manitoba have been more modest. Saskatchewan's growth has been robust enough in recent years that it is currently enjoying the status of a "have" province in Confederation, mainly due to increased revenues generated from high world oil prices. Both Manitoba and Saskatchewan have small and stable or slightly declining population bases and the growth in their highest performing sectors (minerals and heavy oil in Saskatchewan, hydro-power and manufacturing in Manitoba) is counterbalanced by continued difficulties in the agricultural sector.



With much of the recent strong economic performance throughout a lot of Western Canada tied to a current resource driven boom, the West continues to face a number of challenges, which need to be addressed to ensure the long-term economic



sustainability of the region. These challenges underlie WD's strategic planning and priorities in pursuit of its legislative mandate.

Given that the West is a relatively small player in the world commodity markets, its economic fortunes wax and wane in

accordance with the volatility typical for natural resource markets. The current economic boom in the West is the most recent of several, which are typically driven by resource extraction and export. However, the West's reliance on natural resources has also resulted in several significant economic downturns. At times, these have taken a severe toll on the West's economy and its society.

The resource-based economy of Western Canada faces other significant challenges including the continuing decline of the rural economy and exposure to serious disruptions due to trade disputes (such as softwood lumber) or disasters, which severely affect certain commodity sectors (the Mountain Pine Beetle infestation, Bovine Spongiform Encephalopathy (BSE), and the flooding of agricultural farmland).

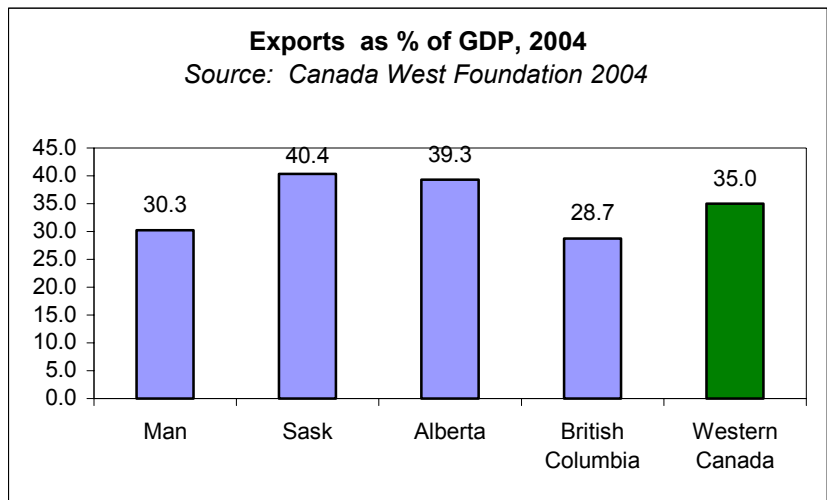
Being a small player on a very large world stage, the ongoing challenge for the western Canadian economy is to develop in such a way that it can successfully compete globally on a long-term sustainable level, create wealth, and be able to maintain or increase the current standard of living in the region. The current strong performance of resource driven sectors provides the opportunity and the need to encourage public and private investment to continue to diversify the economic base, hasten the transition to knowledge-driven industries, and increase the value-added and market penetration of western goods, services, and technologies. WD works in collaboration with provincial and municipal governments, other federal departments, industry associations and the private sector,

The ongoing challenge: develop and diversify the western economies to reduce reliance on primary resources

not-for-profit organizations, and research organizations, to jointly invest in projects that ultimately result in diversification and further development to maximize the core natural resource strengths of the West.

Innovation and technology are key factors in the West’s economic development and diversification. They offer the potential for improved productivity in the primary resource sector. Innovation and technology will also make the West more competitive in the production and trade of value-added goods and services related to its natural resources. Looking beyond the traditional resource sectors, investments and policy approaches that promote innovation and technology growth and development will help all four western provinces capitalize on the emergence of knowledge-based industries such as the life sciences, environmental technologies, and information communications technology (ICT). WD works with organizations to jointly invest in projects in the life sciences/health innovation, environmental technologies, information and communications technology/wireless and new media sectors.

Canada is a trading nation, and in Western Canada, 35 per cent of our gross domestic product (GDP) is trade dependent. A strategy for ensuring long-term

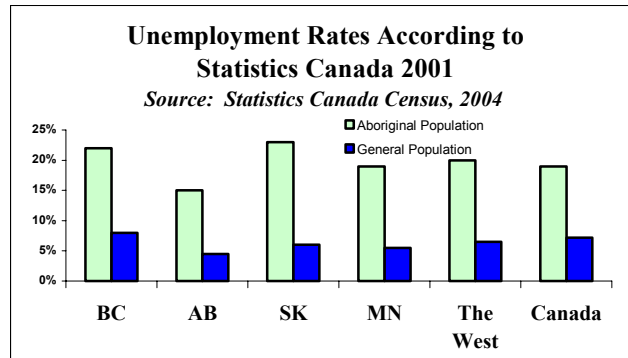


growth and development in the West needs to pay attention to international **trade and investment**. Being heavily trade dependent, it is crucial that western Canadian businesses, research institutions, and communities

remain internationally competitive. Access to the US market will continue to be extremely important, but there are also very large challenges and opportunities for western businesses in some emerging international markets, such as China and India. While there is currently high and increasing demand in these economies for raw materials, demand for manufactured goods is also expected to grow as incomes and standards of living improve. The western Canadian economies are challenged to position themselves competitively so they can benefit from these trends and capitalize on a growing capacity in research, innovation, and commercialization. In 2006-2007, WD plans to concentrate on supporting Canada’s Asia-Pacific Gateway and Corridor Initiative and increasing western Canadian awareness of, and access to, promising new Asia-Pacific markets. The department also plans to expand the range of information, advisory and market development tools and services available

within the West so that western Canadian industries and research organizations can take advantage of the US Enhanced Representation Initiative (ERI).

The competitiveness of western Canadian business is also facing a mounting challenge in terms of the supply of skilled labour. As the western Canadian economy develops and grows, the demand for **skilled labour** has increased. This has occurred in the face of increasing global competition for skilled employees, management, and researchers across a range of sectors. The western provinces are facing severe labour shortages in many of the sectors on which the region's and Canada's strong economic performance depends. While the resource based growth and investments in Western Canada are



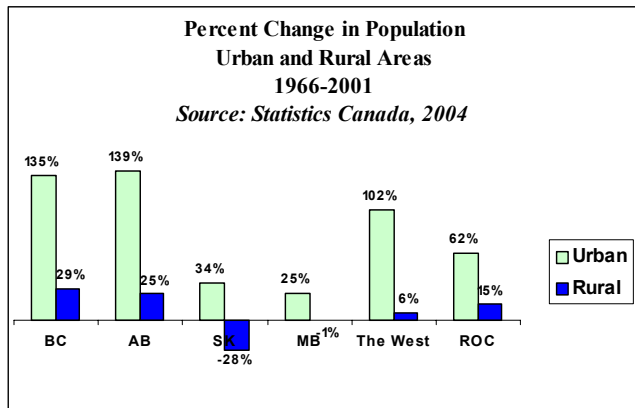
often perceived to be limited to Alberta and BC, the economic and business expansion presented by major investments in oil and gas facility expansion, and the potential growth in trade and services with the rising economic powers of the Asia-Pacific through the Pacific Gateway, offer new business, trade, and employment opportunities for all regions of Canada.

Strong cooperation between industry and all orders of government will be required to ensure that the region's labour market conditions are conducive to attracting workers to meet a variety of needs. Emphasis must also be given to increasing support for initiatives that focus on training and skills development, matching industry needs with available labour supply, and looking at opportunities to adopt new technologies and business practices to improve business productivity. Given that Aboriginal people are the youngest and fastest growing population group in Canada, the increased participation of Aboriginal youth in the western labour market would address a number of issues, ranging from meeting the demand for skilled labour to addressing some of the persistent economic and social challenges experienced by Canada's Aboriginal peoples.

WD is working with industry, sector associations, provincial governments and other federal departments to identify gaps and opportunities where WD can play a role in helping to address skilled labour shortages. The department has provided support for graduate internship programs and Aboriginal apprenticeship programs where the focus is on increasing the skills and number of knowledge workers in the West. Through these collaborative arrangements with many partners, WD continues to focus on niche opportunities that maximize its investment.

Economically strong and viable cities and communities are an essential contributor to international competitiveness and the attraction of skilled workers, investment and new businesses. **Urbanization** will continue in Canada's West as

everywhere else, and modern and efficient infrastructure is necessary to the West's international competitiveness. This is a massive undertaking, and no single order of government or other stakeholder has the capacity to address it in isolation. There is an increased recognition in Canada and elsewhere that the complexities of urbanization require collaboration and the pooling of resources to ensure success. WD has been a pioneer in the development and management of horizontal collaborative initiatives in western Canadian cities through mechanisms such as joint investment in innovation centres, R&D infrastructure, and the tripartite urban development agreements.



As urbanization increases, **rural communities** are faced with significant adjustments, as they struggle with the loss of population and economic opportunity. Governments and stakeholders are challenged to examine constructive approaches to these pressures including improving access of rural communities to business services and capital pools and

working in partnership to create new business opportunities.

This Report on Plans and Priorities (RPP) demonstrates that WD's plans and priorities are aligned with these challenges and that the department is positioned to make a significant contribution to meeting them. Combined with the annual Departmental Performance Report, which provides detailed information on the department's spending and achievements, these documents demonstrate that WD is actively pursuing a long-range set of policies and investments that are having a positive impact on the economic performance and competitiveness of Western Canada.

WD's Operating Environment

To deliver on its mandate, WD targets three inter-related policy areas – innovation, entrepreneurship and community economic development. The department's policy, advocacy and coordination function is also integral to WD's contribution to the western economy.

In 1995, WD moved away from providing funding and service support directly to entrepreneurs. WD directs its core resources towards working in collaboration with many partners including all levels of government, universities, financial institutions, the private sector, and the not-for-profit sector.

WD works with the Western Canada Business Service Network (WCBSN) to ensure that western Canadians have access to capital and services that support their economic success. WD provides

operating funding to each of the members¹, who in turn provide business information, counselling and planning advice to entrepreneurs in both urban and rural communities across the West. Some members also provide loans and undertake a variety of community economic development initiatives to provide grassroots solutions to local problems.

WD delivers a wide range of activities, either directly through programs like the Western Diversification Program (WDP), or in partnership with others such as the federal-provincial Western Economic Partnership Agreements (WEPAs). WD also plays an important role in coordinating and supporting multi-partner projects to promote economic development objectives – such as through Urban Development Agreements (UDAs) in several western Canadian cities, the Urban Aboriginal Strategy (UAS), or industry-academic collaborations such as WestLink Innovation Network Ltd. or the Telecommunications Research Laboratories (TRLabs). WD also plays a strong role within the federal government in advocating on behalf of western Canadian priorities and interests, promoting policy initiatives such as the Asia-Pacific Gateway and Corridor Initiative and stronger cross-border linkages with the United States. In all cases, WD provides western Canadians with a strong federal presence within Western Canada that is knowledgeable about local capacity and needs, and can work directly with individuals and organizations within the region to ensure federal policy and programs takes these into account.

Partnerships with others to increase leveraging

In making funding decisions, WD relies upon the knowledge, advice and support of its extensive network of provincial, university, private sector and not-for-profit partners and client organizations to identify needs

and opportunities, and to jointly develop projects and new initiatives that advance shared objectives. By working in close collaboration with others, WD leverages both capacity and financing. WD's decision making on project funding is both open and transparent. Potential project applicants may approach WD for funding, or WD, through its extensive network of partners, may identify an opportunity and organization, and work with that organization as they develop a business plan for further review by the department. Funding program guidelines are posted on WD's website at http://www.wd.gc.ca/programs/default_e.asp.

After due diligence is undertaken to confirm applicant eligibility, anticipated project results and fit with WD's strategic outcomes, project or applicant viability, and identification of other funding sources, the project undergoes significant scrutiny and challenge at various levels within WD before being either approved or rejected by the delegated level of authority.

Transparency and due-diligence in decision-making

WD has a strong public service values and ethics program, and operates in an open and transparent manner. The department has in place formal management accountability and performance

frameworks and measures to ensure that:

¹ Members include Community Futures Development Corporations (CFDCs), Women's Enterprise Initiative Centres (WEIs), Francophone Economic Development Organizations (FEDOs), and Canada Business Service Centres (CBSCs)

- appropriate due diligence is exercised in the assessment, approval and monitoring of grants and contributions (G&C) investments;
- resources are deployed, managed and clearly linked to departmental objectives and priorities, planned spending and expected results; and
- departmental performance is regularly assessed and reported on through a variety of mechanisms.

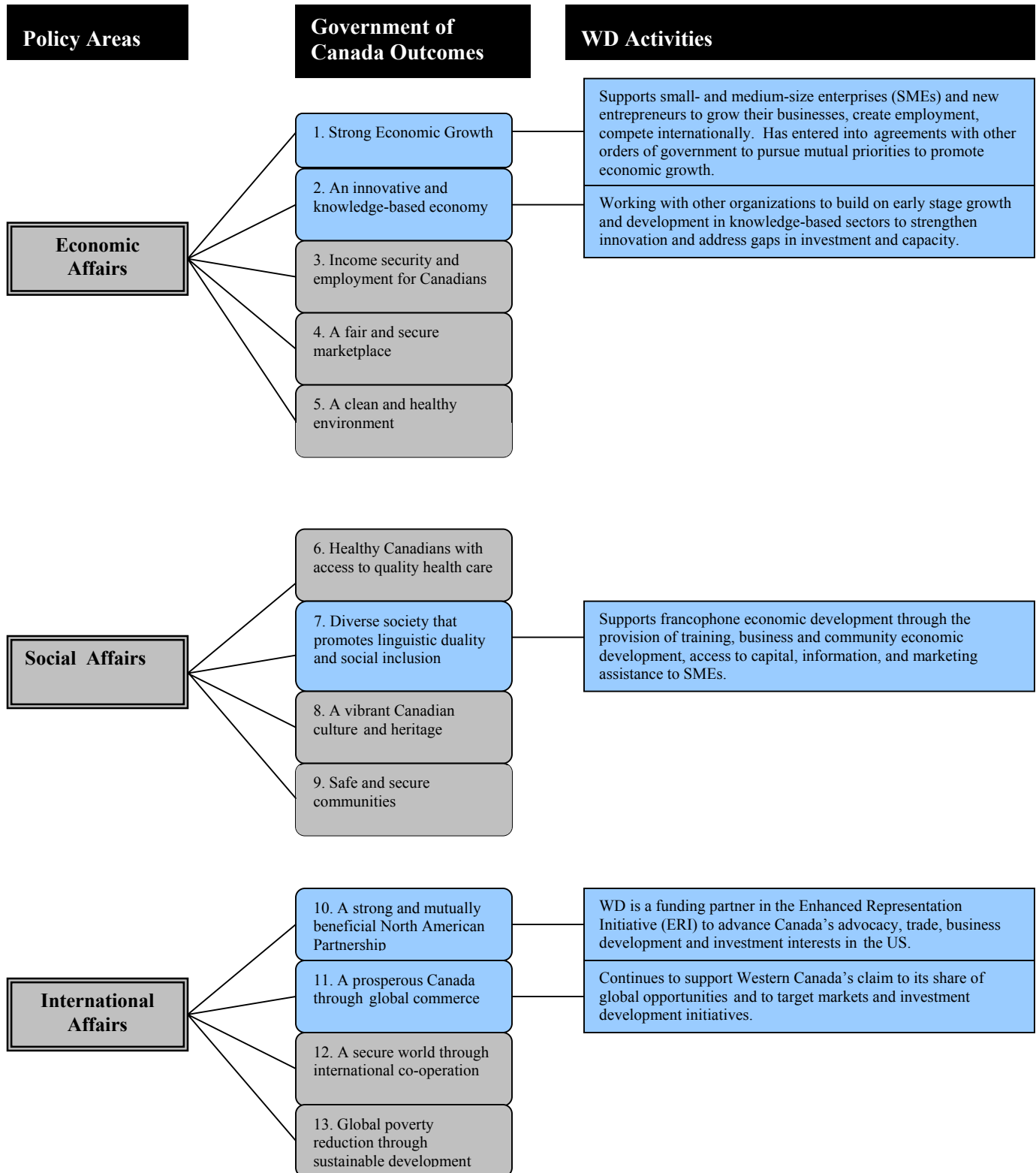
Accountability

Internally, the department is undertaking a number of initiatives designed to strengthen governance and accountability. WD has a defined governance structure that outlines decision-making mechanisms, responsibilities, and accountabilities within the department. WD's strategic outcomes are aligned with the Whole of Government Framework and give a clear indication of the long-term goals of the department. Regional and corporate unit plans support the department's strategic outcomes. The department has established a strong business planning function to support priority setting and investment decisions. In the coming year, WD will refine its planning process to integrate human resource planning into all regional and corporate plans.

Starting in the spring of 2006 and continuing on into the summer, the Minister held a series of roundtables with key stakeholders across the West to examine how WD's current strategic outcomes and priorities could be re-focused to better respond to the challenges and opportunities facing the West today. During this period, the department continued to manage its current portfolio of projects and contribution agreements. Results from the stakeholder consultations will be reflected in the department's 2007-2008 RPP.

Alignment With Whole of Government Framework

WD's strategic outcomes and activities are aligned with the Whole of Government Framework, as follows:



**SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY
STRATEGIC OUTCOME**

Analysis by Program Activity

Strategic Outcome: Entrepreneurship & Innovation – A competitive and expanded business sector in Western Canada and a strengthened western Canadian Innovation System

Program Activity – Business Development and Entrepreneurship

	2006-2007	2007-2008	2008-2009
Financial Resources (\$ thousands)	59,611	52,536	53,823
Human Resources - FTEs	108	108	108

The expected result of WD's entrepreneurship and business development activities is the growth of small businesses in Western Canada and their improved capacity to remain competitive in the face of rising global competition. WD's activities are resulting in improved access to business information, training, business advisory services and capital for all western Canadian SMEs, including those located in rural communities.

WD has always recognized the critical importance that small- and medium-sized enterprises (SMEs) play in the western Canadian economy. Small business (< 50 employees) is the economic engine of Western Canada and is responsible for creating approximately 80 per cent of new jobs. The number of small businesses per capita in Western Canada is 40 per cent higher than in the rest of Canada.²

The predominance of small businesses in Western Canada's economy, their importance as a source of job creation, and the current limited participation by many SMEs in international markets raises concerns about their ability to grow and remain competitive in the face of expanded competition from foreign firms. Increasingly, western Canadian firms are not only facing competition in their key domestic markets, but also in those crucial markets such as the US, which is the destination of the majority of western Canadian exports, and in the large and fast-growing Asian markets that represent significant growth potential for many western Canadian firms.

Statistics Canada research concludes that the slower rate of diffusion of best-practice technology in Canada is the primary reason for Canada's declining productivity in the past twenty years. This is especially true of Western Canada, where, with the exception of Alberta, the growth in manufacturing excellence has not kept pace with other regions of the country. Canada's focus on technology commercialization has meant limited resources for increasing productivity and competitiveness of manufacturers and exporters.³

² Western Centre for Economic Research (2001)

³ "A Frontier Approach to Canada-United States Multifactor Productivity Performance," Statistics Canada, April 3, 2003.

Addressing these challenges by ensuring that western Canadian industry is able to take advantage of new opportunities in high-growth markets requires an aggressive strategy to develop a more competitive, productive and expanded business sector in Western Canada. This strategy must help western Canadian industry and research and development organizations to secure and expand their position in US markets, to identify and access niche markets and become a part of global supply chains within the rapidly growing Asia-Pacific market. With a growing number of international travellers and the rising interest in sports and eco-related tourism, Western Canada must also find ways to market itself as a destination of choice to both foreign investors and leisure visitors to take advantage of its natural attractions and major international tourism generators, such as the 2010 Winter Olympics.

WD works to achieve results that support small business growth in the West primarily by providing assistance to industry or business associations for projects that have systemic benefits, or through third party delivery organizations. To create a better business climate, WD funding and service support is not provided directly to entrepreneurs but rather to non-profit organizations such as those making up the WCBSN, industry associations, and financial institutions. Leveraging of service and capital support for entrepreneurs is key to WD's business development strategy.

Services to SMEs and entrepreneurs are provided through the more than 100 offices of the WCBSN. Links to organizations affiliated with the WCBSN can be found at:
http://www.wd.gc.ca/serv/default_e.asp.

WD has created new and alternative sources of capital for SMEs by working closely with financial institutions to create a specialized series of loan programs under the Loan and Investment Program. These loan funds target industry sectors important to Western Canada, including micro-lending and other target groups, and provide patient and flexible debt capital on terms especially suited to the unique needs and cash flow requirements of these small businesses. Loans are provided on commercial terms by financial institutions such as chartered banks, credit unions, and trust companies, using their own capital and making lending decisions using their own expertise while sharing the increased risk with WD.

To enhance overall support for trade and market development, WD partners with other federal departments, the provincial governments and local organizations to work with western Canadian industry groups and associations to improve their export readiness and to support market development activities directed primarily at key US and Asia-Pacific markets.

The department has identified four program sub-activities in an effort to classify WD investments according to the outcome expected to be achieved through WD's funding of a project. The following chart identifies these sub-activities, the expected results, and provides examples of types of projects the department typically supports:

Program Sub-Activity	Expected Results	Types of WD project investments
Improve Business Productivity	Increase in productivity	<ul style="list-style-type: none"> . support for industry associations to enhance business management capacity within the SME community; . support for training and skills development relating to business development and entrepreneurship; or . support for increased productivity and competitiveness of existing businesses/business sectors.
Market/Trade Development and Foreign Direct Investment	Increased participation in international markets and an increase in foreign direct investment in Western Canada	<ul style="list-style-type: none"> . projects that expand the range of information, advisory and market development tools available in the West thereby improving the capacity of western Canadian industries and research organizations to take advantage of the US ERI; or . support for increased western Canadian awareness of and access to new Asia-Pacific markets.
Industry Collaboration	Increase in number of successful partnerships and strategic alliances	<ul style="list-style-type: none"> . partnerships/strategic alliances that capitalize on emerging opportunities in the Asia-Pacific Rim; . support for the expansion of BC as North America's Pacific Gateway and assists Western Canada and federal partners to capitalize on new opportunities the national Asia-Pacific Gateway and Corridor Initiative offers; or . business sector association initiatives that provide systemic benefits.
Access to Capital	Increased investment to targeted western Canadian firms	<ul style="list-style-type: none"> . projects with capital providers (financial associations, venture capital organizations, etc.) to leverage increased risk capital available in the West; or . initiatives that address other access to capital issues.

Program Activity – Innovation

	2006-2007	2007-2008	2008-2009
Financial Resources (\$ thousands)	53,627	54,026	59,686
Human Resources - FTEs	78	78	78

The expected result of WD's innovation activities is an increase in knowledge-driven and value-added economic activities, built on both traditional and emerging industries, that creates a more diversified and resilient economy in Western Canada. The emergence and growth of technology clusters in key areas for Western Canada such as environmental technologies, life sciences, information and communications technology and value added resources will lead to:

- a more dynamic research community;
- increase in highly qualified people;
- additional venture capital investments leading to increased technology commercialization in both new and existing firms;
- increased productivity; and
- enhanced collaboration among innovation system players.

Support for innovation and the commercialization of new discoveries and ideas are fundamental components of the federal government's agenda for economic development, growth and prosperity. A strong, innovative and vibrant economy, built on traditional and emerging industries, that fosters and rewards innovation allows innovative companies and researchers to thrive and succeed in the increasingly competitive global economy of the 21st century.

In Western Canada, where provincial economies are highly dependent on natural resources, innovation and the growth of knowledge-based industries can support the diversification of provincial economies, increase value-added production and exports, and create skilled jobs. Over the past decade the federal government has made significant investments in expanding the level of research activity and research infrastructure in Western Canada. These investments are often made in partnership with provincial and municipal governments, industry, and universities, and play an important role in fostering the formation and expansion of technology and knowledge-based clusters across the West that are important drivers of sustained economic and industrial growth.

While investments made to date have resulted in an expansion of research and development activity, Western Canada's innovation performance and capacity remains low in comparison to Ontario and Quebec, and when compared with many countries with which Canada competes for new investment, skills, and markets.

The following chart illustrates specific expected results WD anticipates achieving through investments that support innovation, and gives examples of types of projects supported under each of the program sub-activities:

Program Sub-Activity	Expected Results	Types of WD project investments
Technology Adoption and Commercialization	An increase in the number of technologies developed in research institutions that have commercialization potential, and an increase in technologies adopted by existing firms	<ul style="list-style-type: none"> . technology demonstration, benchmarking products/capability leading to adoption; or . projects that focus on commercialization of technologies.
Technology Linkages	Increased connections and synergies among innovation system members	<ul style="list-style-type: none"> . support for networks, industry associations and other knowledge-sharing/ networking initiatives or events; or . initiatives that build linkages between researchers and investors.
Technology Research and Development	Applied R&D leading to technologies with commercialization potential	<ul style="list-style-type: none"> . applied research and development leading to a new product or process with near or mid-term commercial potential.
Community Innovation	Increased technological capacity in a community	<ul style="list-style-type: none"> . planning, cluster or competitive studies used by the community for economic development.
Technology Skills Development	Increase in training, education and skills building of highly qualified people	<ul style="list-style-type: none"> . projects that support training, education and skill building in new economy sectors.
Knowledge Infrastructure	Increase in physical assets for R&D or training	<ul style="list-style-type: none"> . creation or expansion of infrastructure such as buildings and equipment dedicated to R&D or training; or . planning studies regarding facility feasibility.

Strategic Outcome: Community Economic Development - Economically viable communities in Western Canada with a high quality of life.

Strong and viable communities contribute to strong economic growth. Despite the West's strong economic performance, or perhaps because of the rapid growth of many cities and communities, there has been a marked increase in complex socio-economic issues in a number of communities. WD plays a key role in addressing these issues in the West by forging partnerships between governments, community organizations and other stakeholders that combine strengths and resources to create collaborative solutions to these issues and to promote sustainable communities and community development in Western Canada. The intent in all these initiatives is to develop purposeful partnerships with other governments and local groups to support the growth of western Canadian communities.

During this fiscal year, WD will continue to implement major program activities, including those programs that the department delivers on behalf of other federal departments such as the Urban Aboriginal Strategy and infrastructure programs. WD will also work with other federal government departments and partners to develop a long-term approach within the federal government to address community economic development priorities.

Program Activity: Community Economic Planning, Development and Adjustment

	2006-2007	2007-2008	2008-2009
Financial Resources (\$ thousands)	137,212	82,991	54,655
Human Resources - FTEs	99	93	93

The expected result of WD's community economic planning, development and adjustment activities is to ensure strong and viable communities in urban and rural areas of Western Canada capable of responding to challenges that hinder competitiveness, opportunities, and quality of life.

WD addresses the needs of communities by assisting them to assess their strengths, weaknesses, opportunities, and potential for new economic activity, and to implement community plans. The process involves community-based consultations/facilitation and includes support for projects that strive to integrate federal programs, services and horizontal initiatives directed towards western Canadian communities, such as community economic development processes and projects, and WD's UDAs. In rural Western Canada, WD's network of CFDCs, as members of the WCBSN, provide community economic planning, development and adjustment assistance, as well as providing business services such as information, business advice, training, and access to capital.

Other assistance is provided to projects that support the viability of the local economy, enhance available facilities and/or increase the participation of communities, (particularly members of Aboriginal communities), and assist communities facing severe adjustment impacts due to changing economic circumstances, including identifying options and responses that will create new economic opportunities and assisting the communities to implement the plans.

The following chart identifies program sub-activities, their expected results, and provides examples of types of project investments WD makes to achieve the intended results:

Program Sub-Activity	Expected Results	Types of WD project investments
Community Planning	Enhanced community planning	<ul style="list-style-type: none"> . initiatives that involve strategic community planning; or . capacity building within communities.
Community Development	Increased viability and diversification of local economies	<ul style="list-style-type: none"> . Urban Aboriginal Strategy Projects⁴; and . Alberta and Saskatchewan Centenaries projects⁵.
Community Economic Adjustment	Successful community adjustment to mitigate economic crises	<ul style="list-style-type: none"> . assistance to communities facing severe economic adjustment impacts due to changing economic circumstances, such as WD's ongoing implementation of the Whiteshell Community Adjustment Fund in Manitoba, which was created because of the closure of AECL's office in Whiteshell.

Program Activity: Infrastructure

	2006-2007	2007-2008	2008-2009
Financial Resources* (\$ thousands)	91,750	29,922	1,990
Human Resources - FTEs	16	15	15

*WD delivers the Infrastructure Canada Program in Western Canada and both grants and contributions (G&C), and operations and maintenance (O&M) funding is included in WD's resource allocations for 2006-2007 and 2007-2008. O&M funding for both MRIF and CSIF is included in WD's resource allocations from 2006 – 2009. G&C resource allocations for MRIF and CSIF are included in the RPP of Infrastructure Canada.

The expected result for WD's infrastructure program activity is to improve and expand sustainable public infrastructure that enhances the quality of the environment and allows for long-term economic growth.

⁴ The Federal Interlocutor for Metis and Non-Status Indians is responsible for the Urban Aboriginal Strategy, which expires on March 31, 2007. WD is delivering the program in British Columbia, Alberta and Manitoba. UAS program resource allocations are reported in the RPP of Indian and Northern Affairs Canada (INAC).

⁵ The completion of delivery of \$92 million in funding for the Alberta (60 per cent) and Saskatchewan (40 per cent) Centenaries. The year 2005 marked the 100th anniversary of Alberta and Saskatchewan joining Confederation and WD supported capital legacy, celebration and learning projects that will have lasting benefits for community development.

WD will continue its contribution to the renewal of Canada's infrastructure through the delivery of the Infrastructure Canada Program (ICP), the new Municipal Rural Infrastructure Fund (MRIF), and key Canada Strategic Infrastructure Fund (CSIF) projects in the West on behalf of the Office of Infrastructure Canada.

With a primary focus on communities with less than 250,000 people, the MRIF improves and increases the stock of core public infrastructure in areas such as water, wastewater, solid waste management, public transportation, cultural, recreation, tourism and connectivity. The CSIF complements the ICP and MRIF in that it addresses infrastructure projects that are of regional priority, but exceed the scope and capacity of the other infrastructure programs. In its role in administering MRIF and select CSIF projects, WD will manage contribution agreements, program implementation, review claims, and monitor projects.

WD's infrastructure activities for the coming year will include:

- the implementation of the MRIF in the West;
- the continued administration of the ICP and approved CSIF projects such as the Manitoba's Red River Floodway (\$80 million), Vancouver's Convention Centre (\$222.5 million), and Saskatoon South Downtown Redevelopment (\$13.7 million);
- working with Infrastructure Canada to finalize WD's role in the delivery of CSIF projects such as the Winnipeg Wastewater Treatment System (\$42 million) and Saskatchewan's Regional Rural Water Supply Systems(\$27.3 million);
- completing a program audit of WD's delivery of the ICP; and
- work to review delivery options.

The following Program Sub-Activities apply specifically to the ICP, where almost all funding has been committed. The program was extended until March 31, 2008 to allow for the completion of ICP projects.

Program Sub-Activity	Expected Results	Types of WD project investments
Green Infrastructure	Improved green infrastructure such as water quality, wastewater systems, solid waste management and/or energy efficiency of municipal buildings.	<ul style="list-style-type: none"> · projects that result in: <ul style="list-style-type: none"> – improved water quality; – improved wastewater systems; – improved solid waste management; or – improved energy efficiency of municipal buildings.
Local Transportation Infrastructure	Better local transportation such as safer local roads and transportation infrastructure and/or new or improved public transportation.	<ul style="list-style-type: none"> · projects that support local transportation infrastructure such as roads, bridges, rail, and intelligent transportation systems technology.
Other Infrastructure	Improved infrastructure such as increased cultural	<ul style="list-style-type: none"> · includes cultural and recreational facilities, infrastructure supporting

	and recreation facilities, infrastructure supporting tourism, rural and remote telecommunications, high-speed access for local public institutions and/or increased affordable housing.	tourism, rural and remote telecommunications and affordable housing.
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Strategic Outcome: Policy, Advocacy and Coordination - Policies and programs that support the development of Western Canada

WD’s Policy, Advocacy and Coordination function embraces a range of activities that are designed to result in effective strategies, policies and programs addressing the economic development needs, opportunities, and aspirations of Western Canada.

As part of its policy development activities, WD sponsors research projects related to its economic development mandate and the department’s strategic outcomes. Many of WD’s policy research activities and outputs are intended to foster increased regional collaboration among economic development stakeholders in Western Canada and the development of pan-western perspectives and approaches to policy issues. At the same time, these activities take into consideration the variance of economic circumstances across the region. Collaboration and coordination, advocacy, and research and analysis, are the activities that WD undertakes in support of this strategic outcome.

WD will engage in activities and fund projects that help bring people, ideas, communities and resources together. The department’s efforts will emphasize partnerships, collaboration and strategic investments that optimise opportunities for western Canadians. WD will continue work within federal policy and decision-making structures to ensure the views and concerns of western Canadians are taken into account in the development of national policies, priorities and programs.

Program Activity: Collaboration & Coordination

	2006-2007	2007-2008	2008-2009
Financial Resources (\$ thousands)	5,242	5,282	5,282
Human Resources - FTEs	35	35	35

The expected result of the collaboration and coordination activity is better coordinated economic development activities and programs in the West.

Collaboration and coordination encompasses the network of relationships, contacts, and partnerships that WD has put in place throughout Western Canada, nationally, and beyond, to

support the implementation of its mandate. It is reflected in the work the department does by organizing and coordinating meetings, conferences or other events with other levels of government, other federal departments, industry (in particular industry associations), academic institutions, or the not-for-profit sector in order to discuss, plan, develop, and implement policies, programs, and initiatives that result in a greater degree of development and diversification of the western economy.

Program Activity: Advocacy

	2006-2007	2007-2008	2008-2009
Financial Resources			
(\$ thousands)	2,650	2,672	2,671
Human Resources - FTEs	22	22	22

The expected result of the advocacy activity is an improved understanding and awareness of western issues and increased access to and participation in federal programs by the region.

WD’s mandate requires that the department “...advance the interests of Western Canada in national economic policy, program and project development and implementation.”

Specific examples of WD’s advocacy efforts include:

- intervening in and providing western perspectives and input into submissions to Cabinet based on an assessment of western-orientated items on the Cabinet Agenda;
- working on behalf of western Canadian firms and industries seeking to access government programs such as major Crown projects, granting council funding, Canada Foundation for Innovation initiatives, and funding offered by other federal departments and agencies;
- establishing and participating in western-based consultation forums such as the federal-provincial Deputy Ministers’ Economic Development forum, Senior Western Innovation Officials forum, as well as the Federal Councils in each province;
- advocating in support of specific regional projects or issues such as WD’s work in establishing the Nanotechnology Centre at the University of Alberta, or the Canadian Light Source, the national synchrotron facility at the University of Saskatchewan; and
- engaging western Canadian stakeholders on the development and implementation of national priorities.

WD’s advocacy activity supports the department’s strategic outcomes and in 2006-2007 will focus on ensuring that:

- Western Canada’s interests are promoted abroad through Government of Canada trade and investment activities such as the US ERI;
- western interests and priorities are heard through forums such as Public Policy Forum roundtables held in the West;
- national programs aimed at enhancing research and development and technology commercialization offer appropriate access to western Canadians; and

- a strong western Canadian presence and influence in the development and implementation of initiatives to promote Asia-Pacific trade and economic opportunities, and the Asia-Pacific Gateway and Corridor Initiative.

As a separate priority item, the department will update and refine WD’s advocacy strategy to reflect current priorities and implement it over the coming year.

Program Activity: Research and Analysis

	2006-2007	2007-2008	2008-2009
Financial Resources			
(\$ thousands)	4,144	4,173	4,172
Human Resources - FTEs	32	32	32

The expected result of the policy research and analysis activity is an enhanced dialogue around and understanding of western issues, challenges, opportunities and priorities.

Policy research and analysis involves preparing and disseminating information that results in an increased understanding of western Canadian challenges, opportunities and priorities. This activity provides the factual intelligence necessary to undertake internal or external policy and program development. Policy research and analysis can involve WD sponsoring externally generated research through organizations such as the Canada West Foundation, the Western Centre for Economic Research, or the Conference Board of Canada. It also includes in-house research and analysis products such as economic overviews, environmental scans, and sectoral or issue analyses that support departmental policy, planning or program development.

Research priorities for 2006-2007 include analysis of: western challenges, opportunities and factors affecting regional prosperity; regional trade and investment patterns; small business and its role in the regional economy; the participation of Aboriginal people in the region’s economy; an analysis of economic sectors pertinent to the current and future western economy (with particular emphasis on health innovation as a potential economic driver), as well as research that will support policy development in national or international forums such as rural and northern development models and mechanisms, and factors contributing to regional competitiveness.

SECTION III – SUPPLEMENTARY INFORMATION

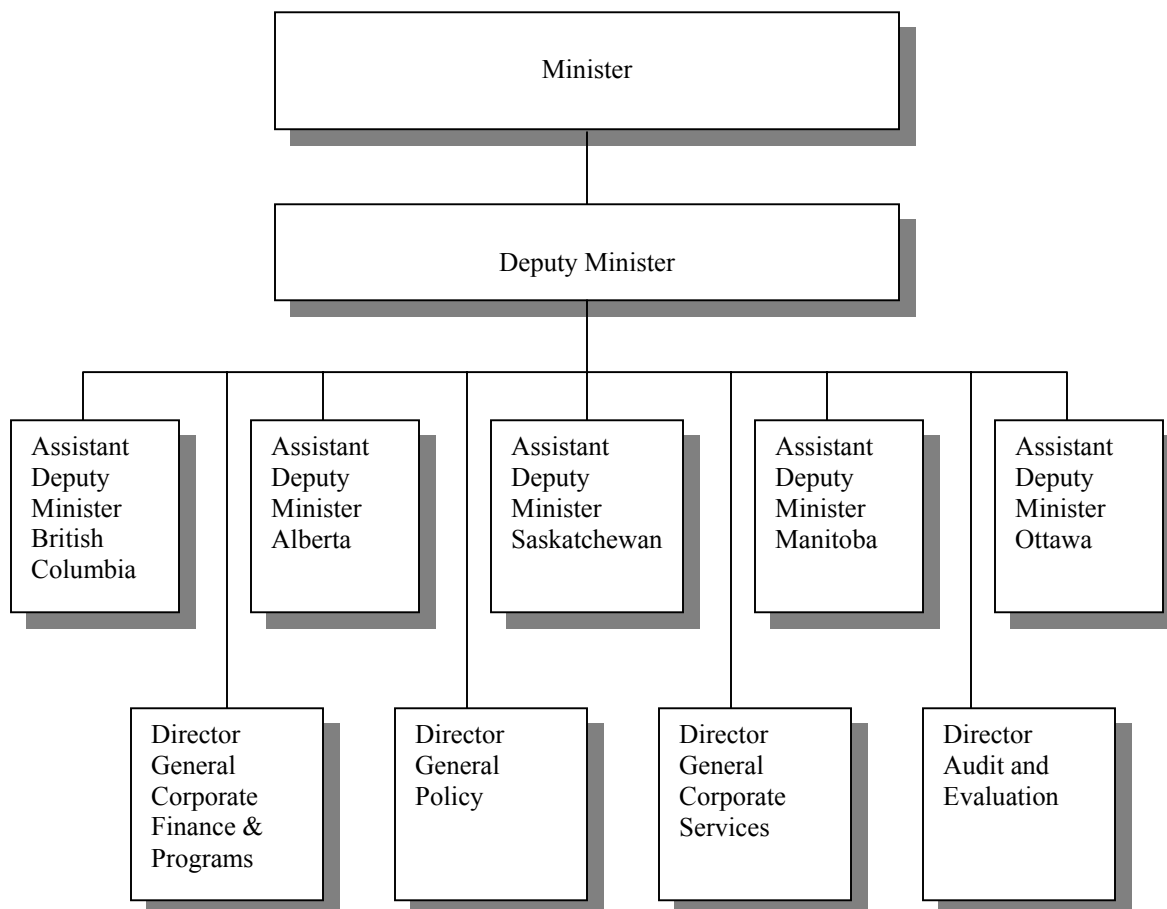
Organizational Information

The department's Head Office is located in Edmonton, Alberta, co-located with the Regional Office for Alberta. Regional offices are located in each of the other western provinces - Winnipeg, Saskatoon and Vancouver - with a liaison office in Ottawa. Regional satellite offices also exist in Calgary, Regina, and Victoria. The department's Deputy Minister is located in Edmonton, and Assistant Deputy Ministers are located in Vancouver, Edmonton, Saskatoon, Winnipeg and Ottawa.

In addition to corporate responsibilities, each of the western Assistant Deputy Ministers is accountable for the delivery of programs and services in their region, which support the department's strategic outcomes. The Ottawa based Assistant Deputy Minister and the Director General Policy lead the department's advocacy activities.

The department works closely with Industry Canada and other RDAs.

Western Economic Diversification Canada Organization Structure



WD's strategic outcomes are set by the Executive Committee, which is composed of the Deputy Minister, five Assistant Deputy Ministers, the Director General Corporate Finance and Programs, Director General Corporate Services, Director General of Policy, and the Director of Corporate Communications.

Table 1: Departmental Planned Spending and Full Time Equivalents

(\$ thousands)	Actual Spending 2005-2006	Planned Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009
Collaboration and Coordination	4,686	5,349	5,362	5,362
Research and Analysis	3,835	4,218	4,228	4,228
Advocacy	2,410	2,703	2,711	2,711
Community Economic Planning, Development and Adjustment	41,491	137,483	83,179	54,835
Infrastructure	240,979	52,011	29,921	1,988
Business Development and Entrepreneurship	51,043	59,954	52,733	54,019
Innovation	48,248	53,813	54,162	59,829
Total Main Estimates	392,692	315,531	232,296	182,972
<i>Adjustments:</i>				
Governor General Special Warrants	3,669	--	--	--
<i>Supplementary Estimates:</i>				
Communities Strategic Infrastructure	--	31	31	32
Procurement Savings	--	(350)	--	--
Reduced cost of new Ministry	--	(725)	(725)	(725)
Infrastructure Canada Program	--	39,749	--	--
<i>Other</i>				
TB Vote 5	1,000	--	--	--
TB Vote 10	356	--	--	--
Employee Benefit Plan (EBP)	752	--	--	--
Miscellaneous	11	--	--	--
Lapse	(91,831)	--	--	--
<i>Total Adjustments</i>	(86,043)	38,705	(694)	(693)
Total Planned Spending	306,649	354,236	231,602	182,279
Less: Non-Respendable revenue	6,584	2,700	1,700	700
Plus: Cost of services received without charge	4,479	4,375	4,307	4,311
Net cost of Program	304,544	355,911	234,209	185,890
Full Time Equivalents	392	390	383	383

The reduction of resources over the planning horizon reflects the sunsetting of time limited programs, such as, funding for the Prince Rupert Port Authority, the Alberta and Saskatchewan Centennials and the Infrastructure Canada Program.

Table 2: Program Activities

2006-2007								
Program Activity \$ thousands	Budgetary				Non-Budgetary	Total Main Estimates	Adjustments (planned spending not in Main Estimates)	Total Planned Spending
	Operating	Grants	Contributions and Other Transfer Payments	Net	Loans, Investments and Advances			
Collaboration and Coordination	5,234		115	5,349		5,349	(107)	5,242
Research and Analysis	3,640		578	4,218		4,218	(74)	4,144
Advocacy	2,588		115	2,703		2,703	(53)	2,650
Community Economic Planning, Development and Adjustment	13,277	30,475	93,731	137,483		137,483	(271)	137,212
Infrastructure	2,011		50,000	52,011		52,011	39,739	91,750
Business Development and Entrepreneurship	16,833	1,645	41,476	59,954		59,954	(343)	59,611
Innovation	9,150	1,880	42,783	53,813		53,813	(186)	53,627
Total	52,733	34,000	228,798	315,531		315,531	38,705	354,236

Table 3: Voted and Statutory Items listed in Main Estimates

2006-2007			
\$ thousands			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Current Main Estimates	Previous Main Estimates
1	Operating expenditures	47,217	39,958
5	Grants and contributions	262,798	347,971
(S)	Minister of Western Economic Diversification salary and motor car allowance		70
(S)	Contributions to employee benefit plans	5,516	4,693
	Total Department	315,531	392,692

The decrease in the Main Estimates from 2005-2006 to 2006-2007 is attributable to a decrease in Infrastructure funds, which is partially offset by funding for the Stronger West initiative, the Prince Rupert Port Authority and the Alberta and Saskatchewan Centennials, and by increased funding for the Community Futures Development Corporations.

Table 4: Services Received Without Charge

\$ thousands	2006-2007
Accommodation provided by Public Works and Government Services Canada (PWGSC)	2,040
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada Secretariat (excluding revolving funds) Employer's contribution to employees' insured benefits plans and expenditures paid by TBS	2,177
Worker's compensation coverage provided by Social Development Canada	34
Salary and associated expenditures of legal services provided by Justice Canada	124
2006-2007 Services received without charge	4,375

Table 5: Sources of Non-Respendable Revenue

Non-Respendable Revenue

\$ thousands	Actual Revenue 2005-2006	Planned Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009
<i>Repayment of Repayable Contributions</i>	4,377	2,000	1,000	0
Adjustments to previous years payables at year end	1,912	500	500	500
Other Revenue	295	200	200	200
ATIP (Access to Information Program)				
Fees paid with ATIP requests*	0	0	0	0
Total Non-Respendable Revenue	6,584	2,700	1,700	700

*Note: Western Economic Diversification Canada collects approximately \$250 in fees associated with the Access to Information Program.

Table 6: Resource Requirements by Branch or Sector

2006-2007				
(\$ thousands)	Regional Programs	Corporate Multi-Regional Programs (1)	National Programs	Total Planned Spending
Collaboration and Coordination	3,378	1,864	0	5,242
Research and Analysis	2,847	1,297	0	4,144
Advocacy	1,728	922	0	2,650
Community Economic Planning, Development and Adjustment (2)	129,983	7,229	0	137,212
Infrastructure (3)	0	0	91,750	91,750
Business Development and Entrepreneurship	50,214	9,397	0	59,611
Innovation	50,366	3,261	0	53,627
Total	238,516	23,970	91,750	354,236

- (1) Corporate/Multi-Regional Operating resources include Headquarters, the Ottawa Liaison Office, and contribution programs that impact more than one province such as the \$3.4 million for the Loan and Investment Program, included under the Business Development and Entrepreneurship activity.
- (2) Community Economic Planning, Development and Adjustment, Regional Programs includes \$52.1 million for the Alberta and Saskatchewan Centenaries activities funded in 2006 and the \$29 million grant for the Prince Rupert Port Authority.
- (3) Infrastructure resource requirements are for the Infrastructure Canada Program (ICP). ICP resources are allocated on the basis of population and unemployment over the multi-year life of the program. Total ICP approved budget is \$557.2 million.

Table 7: Details on Transfer Payments Programs

Over the next three years, Western Economic Diversification Canada will manage the following transfer payment programs in excess of \$5 million:

2006-07

1. Grants for the Western Diversification Program
2. Western Diversification Program
3. Community Futures Program
4. Service Delivery Network Program
5. Infrastructure Canada Program
6. Grants to the Prince Rupert Port Authority

2007-08

1. Grants for the Western Diversification Program
2. Western Diversification Program
3. Community Futures Program
4. Service Delivery Network Program
5. Infrastructure Canada Program

2008-09

1. Grants for the Western Diversification Program
2. Western Diversification Program
3. Community Futures Program
4. Service Delivery Network Program

For further information on the above-mentioned transfer payment programs see <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

Table 7A: Details on Transfer Payments Programs – Conditional Grants

Over the next three years, Western Economic Diversification Canada will manage the following Conditional Grants in excess of \$5 million:

2006-07

Grant to the Friends of the Canadian Museum for Human Rights, Inc.

2007-08

Grant to the Friends of the Canadian Museum for Human Rights, Inc.

2008-09

Grant to the Friends of the Canadian Museum for Human Rights, Inc.

For further information on the above-mentioned transfer payment programs see <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

Table 8: Horizontal Initiatives

Over the next year, Western Economic Diversification Canada will be involved in the following horizontal initiatives as either the lead or as a partner:

2006-07

1. Infrastructure Canada Program (partner)
2. Canada Strategic Infrastructure Fund (partner)
3. Western Economic Partnership Agreements (lead)
4. Municipal Rural Infrastructure Fund (partner)

Further information on the above-mentioned horizontal initiatives see <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

Table 9: Sustainable Development Strategy

Key Points	Summary
<p>WD plans to incorporate Sustainable Development (SD) principles and values into the Department’s mission, vision, policy and day-to-day operations.</p>	<p>In order to fully integrate sustainable development into departmental planning, program delivery and operations, WD’s SDS 2003 adopted the following vision of sustainable development:</p> <p style="padding-left: 40px;">“WD is building a more sustainable Western Canada by making strategic investments and providing its employees and partners with practical tools to integrate sustainable development into the three core areas of business or “strategic outcomes” – innovation, entrepreneurship and sustainable communities.”</p> <p>WD’s Director General Policy is the department lead for SD and, with the assistance of a dedicated SD Team, works to incorporate WD’s vision of SD into the department’s mission, vision, policy and day-to-day operations. The team includes representatives of all regions, headquarters, the department Green Team and corporate communications.</p> <p>Specific activities to achieve this vision include incorporating SD into regional business plans and incorporating SD into the department’s two most important project assessment tools, the Due Diligence Report (DDR) and the GX Financial System.</p>
<p>Goals, objectives, and targets from the most recent strategy, SDS 2003, that will WD be focusing on in the coming year, and how WD will measure success.</p>	<p>SDS 2003 identifies four key activities by which the department will achieve our vision for Sustainable Development for fiscal years 2004-2005 through 2006-2007. These are:</p> <ol style="list-style-type: none"> 1. provide information within the department and to our partners such as WCBSN on SDS and its practical applications; 2. invest in the development and commercialization of environmental technologies and processes in Western Canada; 3. invest in projects that enable western Canadian communities to improve their social, environmental and economic sustainability; and 4. provide information to western Canadian businesses on SDS concepts, practices and benefits. <p>The department does not focus on specific objectives each fiscal year, but rather takes a comprehensive approach to move forward in all four strategic areas.</p> <p>WD believes that what gets measured gets done, and thus is committed to continuous performance measurement. Each year, the department tracks progress against performance measures outlined in Table C of SDS 2003 and posts an annual report on the department’s website. In addition, a comprehensive impact assessment of SDS 2003 will be undertaken in the coming year to provide further information on progress to date and inform the development of the department’s fourth Sustainable Development Strategy.</p>
<p>Sustainable Developments tools that will be applied over the next year.</p>	<p>WD’s recently approved management system for Strategic Environmental Assessment will be implemented in 2006-2007. In addition, the department will continue to implement modifications to the project review system related to sustainable development.</p>

Table 10: Internal Audits and Evaluations

Interim Plan (2006-2007)

1. Program/Operation Audits
 - a. Infrastructure Canada Program (2006)
 - b. Management of Grants & Contributions (ongoing)
 - c. Management of Information (ongoing)
2. Program Evaluations
 - a. Impact Assessment of Aboriginal Projects (2006)
3. Consultations
 - a. Consultations, Advice and Guidance to Operations (ongoing)
4. Liaison with Office of the Auditor General (OAG)
 - a. With regard to Audits and Studies (as needed)
 - b. With regard to Environmental Petitions and SDS (annual, as needed)
5. Liaison with Treasury Board Secretariat (TBS)
 - a. Internal Audit Networking Groups (ongoing, as needed)
 - b. Evaluation Networking Group (ongoing, as needed)
6. Audit and Evaluation Three-year Risk-based Plan
 - a. Audits: Programs and Operation (cyclical, as needed)
 - b. Evaluations: Programs (cyclical, as needed, on due dates)
7. Audit and Evaluation Management Framework
 - a. Policies
 - b. Methodology
 - c. Standards
 - d. Quality Assurance
 - e. Professional Development
 - f. Information on Intranet
 - g. Projects Audits/Evaluations

SECTION IV – OTHER ITEMS OF INTEREST

APPENDIX A – OFFICIAL LANGUAGES

Through the development of new partnerships and opportunities to expand on current community and economic development initiatives, WD commits to four key activities in WD's Section 41 Action Plan (2004-2008):

- communicating the department's Official Language Action Plan by promoting concepts, activities and achievements of Section 41 within and external to the department;
- building partnerships with other departments and stakeholders;
- providing support to FEDOs; and
- providing support to projects with Official Language Minority Communities (OLMCs).

The action plan looks to enhance the department's strategic directions of innovation, entrepreneurship and community economic development within the activities of the western OLMCs. Further information on the action plan can be obtained at:

<http://www.wd.gc.ca/rpts/strategies/ola/2004/>.

WD is continuing to develop a strategic and unified network of francophone businesses to service western OLMCs. The four FEDOs work with francophone communities and entrepreneurs to encourage innovative, sustainable and entrepreneurial economic practices.

Across Western Canada, WD partners with the FEDOs to address and provide strong assistance to francophone entrepreneurs and communities. In 2005, this partnership, under the broader umbrella of the WCBSN, was highlighted by the Commissioner of Official Languages as a best practice in identifying and meeting the needs of francophone entrepreneurs and communities.

WD's partnership with Canadian Heritage for the Interdepartmental Partnership for the Official Languages Communities program (IPOLC) will continue until March 31, 2007. The IPOLC Memorandum Of Understanding (MOU) is intended to encourage new partnerships in the OLMC and seek projects resulting in long-term

sustainable community and economic advancements.

WD and Industry Canada signed a Memorandum of Understanding to implement the tele-education and tele-learning pilot projects and youth internships in the West. Pilot projects target:

- universities and colleges serving OLMCs;
- the catchment areas for universities and colleges in OLMCs; and
- minority communities that have research programs with such universities or colleges.

The major focus of the pilot projects has been expanding content and applications as opposed to supporting infrastructure or capital development. The internships serve to establish opportunities for youth to develop skills and labour capacity in their province of residence, and provide an environment conducive to enhancing their skills in the minority official language.

WD employs a flexible, comprehensive and integrated approach to innovative business development and sustainable communities in Western Canada's francophone communities. It offers WD the flexibility to support operating funding to existing francophone organizations, while enhancing the suite of services that can be offered to francophone entrepreneurs, SMEs and OLMCs.