



ESTIMATES

Western Economic Diversification Canada

2001-2002
Estimates

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are to be tabled on or before 31 March and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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Western Economic Diversification Canada



**2001-2002
Estimates**

Report on Plans and Priorities

Minister of Western Economic Diversification

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LIST OF ACRONYMS

ADM	Assistant Deputy Minister
CBSC	Canada Business Service Centre
CFDC	Community Futures Development Corporation
DIAND	Department of Indian Affairs and Northern Development
DM	Deputy Minister
EMS	Environmental Management System
GDP	Gross domestic product
GOL	Government of Canada On-Line
ITPP	International Trade Personnel Program
OECD	Organization for Economic Co-operation and Development
PCO	Privy Council Office
R&D	Research and Development
RPP	Report on Plans and Priorities
SI	Strategic Initiatives
SME	Small-and medium-sized enterprises
SD	Sustainable Development
SDS	Sustainable Development Strategy
TBS	Treasury Board Secretariat
WCBSN	Western Canada Business Service Network
WD	Western Economic Diversification
WDP	Western Diversification Program
WEI	Womens' Enterprise Initiative
WEPA	Western Economic Partnership Agreement

SECTION I: MESSAGES

A. Minister's Portfolio Message

Our vision of Canada is a country that is strong and dynamic, a leader in the global knowledge-based economy, and a country where all Canadians have the opportunity to benefit from economic and social prosperity.

That is why the government is investing in knowledge and innovation - fundamental contributors to our quality of life. Through strategic investments in skills development, knowledge creation and new technologies the government is committed to expanding Canada's knowledge base, innovation and research capacity, and accelerating Canada's leadership in the new economy.

The government's strategy of investing in knowledge and innovation is already helping to create new businesses, products, processes and jobs. The fifteen organizations within the Industry Portfolio contribute to economic growth, which leads to a higher quality of life and social well-being for all Canadians.

With over forty percent of the federal government's science and technology funding and many of the key micro-economic levers at its disposal, the Industry Portfolio is instrumental in promoting innovation through science and technology; helping small- and medium-sized enterprises grow; encouraging trade and investment; and promoting economic growth in Canadian communities.

I am pleased to present the Report on Plans and Priorities for Western Economic Diversification Canada which describes for Canadians the expected achievements over the next three years. These plans include strengthening the western Canadian innovation system and developing strategic partnerships to maximize available resources. They focus on strengthening and expanding the business sector in Western Canada and providing economic research for use in policy, advocacy and program development. They also include administering national programs in the West and coordinating other federal departments in the delivery of economic and disaster assistance when needed.

The Industry Portfolio is ...

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

**Not required to submit Reports on Plans and Priorities*

Through organizations like Western Economic Diversification Canada (WD), we will work together to build on the strengths and opportunities that exist throughout Canada.

The Honourable Brian Tobin

B. Secretary of State Western Economic Diversification



Ron J. Duhamel
Secretary of State

Western Canada is a vibrant part of our country and vital player in the global economy. To prosper in the new economy, western Canadians must rely less on the region's natural resources and more on knowledge, entrepreneurship and innovation.

In this changing environment, Western Economic Diversification Canada is providing programs and services that take advantage of new opportunities, especially internationally. Our objectives are to encourage development and diversification, add influence for the West in national decision-making, enhance services to western entrepreneurs and facilitate federal-provincial cooperation.

I am pleased to table this Report on Plans and Priorities for Western Economic Diversification (WD) that demonstrates how we are re-focusing our strategies to meet evolving needs. Our long-term planning is now defined within four service lines: Innovation, Partnership and Coordination, Business Development and Entrepreneurship, and Economic Research and Analysis.

Another area, National Programs and Other Initiatives, demonstrates our lead role in administering national programs in the West and in coordinating efforts by other federal departments to deliver economic and disaster assistance when needed.

All WD programs and strategies fulfill the federal government's commitment to provide citizen-centred services and to deliver an increasing number of these services on-line. Through the Western Canada Business Service Network, WD is helping to connect Canadians and foster competitiveness in the knowledge-based economy.

This network is an example of the partnerships WD creates to leverage support and extend services to urban, rural and remote areas. We also build partnerships with all levels of government, academic institutions, industry, financial institutions and non-government organizations to maximize the resources available, especially for small and medium-sized enterprises.

WD is strongly committed to inclusiveness; offering services for women, Aboriginal entrepreneurs, persons with disabilities, youth and Francophone communities. In activating and energizing the economic potential of the West, the opportunities that are created and the prosperity that is generated must be

readily accessible to all. This is a fundamental part of the way my department does business, working with western Canadians.

The Honourable Ron J. Duhamel

C. Management Representation

Report on Plans and Priorities 2001-2002

I submit, for tabling in Parliament, the 2001-2002 Report on Plans and Priorities (RPP) for Western Economic Diversification.

To the best of my knowledge the information:

- Accurately portrays the department's mandate, priorities, strategies and planned results of the organization.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

The reporting structure, on which this document is based, has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Oryssia J. Lennie
Deputy Minister
Western Economic Diversification Canada

Date: _____

SECTION II: DEPARTMENTAL OVERVIEW

2.1 What's New

In the fall of 1999, WD developed a medium term strategy to refocus its activities in response to new challenges and priorities, both economic and social. This strategy has been expanded over a longer term, and WD programs and services are now focused on four key areas of activity: Innovation, Partnership and Coordination, Business Development and Entrepreneurship, and Economic Research and Analysis.

To respond effectively to the needs of Western Canada, WD has moved from seven to five service lines/activity areas. Some of the previous service lines (i.e. Strategic Initiatives and Special Projects and Service Partnerships) fall into one or more of the new service lines/activity areas, as illustrated below.

Crosswalk from 2000-01 Report on Plans and Priorities

Previous Core Service Lines	New Core Service Lines/Activity Areas
<ul style="list-style-type: none"> • Strategic Initiatives and Special Projects 	<ul style="list-style-type: none"> • Innovation
<ul style="list-style-type: none"> • Strategic Initiatives and Special Projects • Service Partnerships 	<ul style="list-style-type: none"> • Partnership and Coordination
<ul style="list-style-type: none"> • Strategic Initiatives and Special Projects • Service Partnerships • Capital Services • Information Services • Targeted Business Services • Legacy Programs 	<ul style="list-style-type: none"> • Business Development and Entrepreneurship
<ul style="list-style-type: none"> • Strategic Initiatives and Special Projects 	<ul style="list-style-type: none"> • Economic Research and Analysis
Previous Non-Core Service Line	New Non-Core Service Line/Activity Area
<ul style="list-style-type: none"> • National Programs 	<ul style="list-style-type: none"> • National Programs and Other Initiatives

2.2 Mandate, Roles and Responsibilities

Western Economic Diversification Canada's (WD) mandate is defined in the *Western Economic Diversification Act* of 1988. The Act enables the department to play an innovative and responsive role on behalf of the Government of Canada in providing western Canadians with policies, programs, and services that promote economic opportunities.

Through the Act, WD is mandated to:

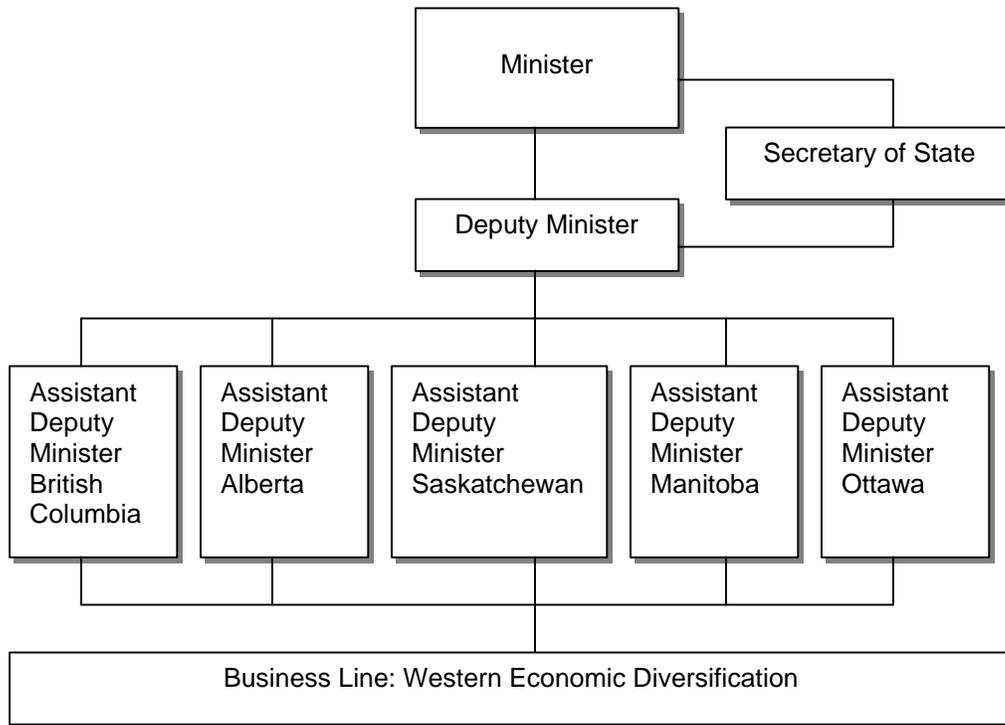
- Promote the development and diversification of the western Canadian economy;
- Coordinate federal economic activities in the West; and
- Reflect western Canadian interests in national decision-making

As a member of the Industry Portfolio, WD contributes to the government's agenda of ensuring Canada's transformation into a knowledge-based economy, where skilled workers are our most significant resource and innovation is the key to success. Working directly and in partnership with provincial and municipal governments as well as other organizations, WD is actively involved in the economic development of Western Canada.

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

The department has one business line, Western Economic Diversification, and each of the Western Assistant Deputy Ministers are responsible for the delivery of programs and services in their region which support this business line, as well as corporate responsibilities. The Ottawa based Assistant Deputy Minister plays the lead role in the department's advocacy activities.

Western Economic Diversification Canada Organization Structure



2.3 Departmental/Program Objective

To fulfill its mandate, WD has the following objective:

To promote economic diversification in Western Canada in a manner that provides added influence for the West in national policy and decision-making, that improves client services in the West and that facilitates federal-provincial cooperation.

2.4 Planning Context

Western Canada - A Region of Diversity

Excluding the northern territories, Western Canada comprises almost half of Canada's land mass. It accounts for about a third of the country's population, and about a third of the country's economic output. On close examination, the West is revealed to be a very diverse place.

The province of Manitoba is home to Western Canada's most diversified economy. A healthy balance among the agriculture, mining, and manufacturing sectors helps insulate Manitoba to some extent from the boom and bust

economic cycles that provide perennial challenges to the three westernmost provinces. Saskatchewan's longstanding reliance on an agriculture sector that is facing massive international challenges has resulted, over time, in that province changing from the most populous western province in 1920 to the least populous today. Alberta's energy industry has resulted in the province often leading the nation in economic growth and prosperity, then facing massive economic downturn when world energy prices decline. And British Columbia accounts for almost all of Canada's trade with the Pacific Rim, and represents an economy in transition as it copes with major changes in the fishing and forestry sectors.

Within each province, even more dramatic differences arise. Lifestyles and economic and social issues are very different in urban centres compared to rural and remote areas. Westerners themselves often have competing identities, at times seeing themselves as western Canadians, at times as residents of a specific province or city, and at times as members of Western Canada's diverse range of ethnic groups.¹ This is the environment in which WD operates.

Delivering on Government Commitments in the West

In order to deliver on government commitments in the West, it is essential for WD to be aware of the needs of western Canadians, and the issues that are important to them. WD tracks the views of western Canadians through national and regional public opinion surveys, through daily contact with westerners, through sponsoring research on a variety of western economic issues, and through maintaining an extensive network of partnerships throughout the region. Recent surveys indicate Canadians in all regions think that health care, education, taxes, the debt/deficit, the economy, and jobs are important issues.² Further, western Canadians gave high importance to Aboriginal issues. In previous surveys, western Canadians indicated that supporting community economic development and helping attract and retain people in rural communities are important issues for the federal government to address.³

On the issues of taxes and the debt/deficit, the government has acted by reducing taxes, eliminating the deficit, and putting in place a plan to pay down the national debt. The Speech from the Throne provided the government's plan for dealing with other issues raised by Canadians, and WD is working on many of those issues in the West.

When it comes to western Canadians' concerns about economic issues, WD will help deliver on Throne Speech commitments to create a more innovative

¹ Summarized from: *Western Visions: Perspectives on the West in Canada*, Roger Gibbins and Sonia Arrison, Broadview Press, 1995

² The Angus Reid Survey Report, September/October 2000, Volume 15, Number 5

³ Options for Western Canada II, Angus Reid Report, December 1999

economy. WD is working in the West on the dual challenge of making traditional industries more innovative and creating opportunities for new industries to compete in the global economy. Regarding the Throne Speech goal of accelerating Canada's ability to commercialize research discoveries, WD is providing support in a number of areas. It funds the demonstration of key technologies in telehealth, the environment, and medicine. It supports innovation centres and university technology commercialization offices. And WD has established loan funds with private sector lenders, which are targeted at developing and commercializing new technologies.

The Throne Speech pays particular attention to the special skills and learning opportunities required to succeed in the new economy, and the necessity of lifelong learning. When it comes to adult learning, WD fosters entrepreneurship and skills development through its client services officers and its partners in the Western Canada Business Service Network. WD and its Network partners provide a variety of direct and on-line business planning, management, and exporting skills packages to entrepreneurs and small businesses; including customized access for Aboriginal people, youth, people with disabilities, and Francophones. In supporting the Throne Speech's commitments on Connectedness, WD relies heavily on digital connections to interact with the 100 points of service in the Network and is meeting all Government-on-Line objectives to better serve western Canadians.

The Throne Speech responds to Canadian's desires for quality health care, and WD is working in that area. WD, through its primary mandate of economic development and diversification, has made significant contributions to the good health and quality care of Canadians. WD has several loan funds that contribute to the commercialization and marketing of new health-related technologies.

WD plays an important role in helping to build strong and safe communities in the urban and rural West. With respect to urban development, WD recognizes that western cities are becoming increasingly important as regional and national economic drivers. Tripartite (federal-provincial-municipal governments) Urban Development Agreements are one of the department's instruments for realizing opportunities and addressing key challenges facing the largest cities in the West. WD is also active in policy development and advancement on urban issues and is sponsoring research regarding federal priorities in urban centres.

WD also provides support to communities through its role as the key federal department in implementing the Infrastructure Canada Program in Western Canada, working with provincial and municipal governments through joint management committees in each of the four western provinces.

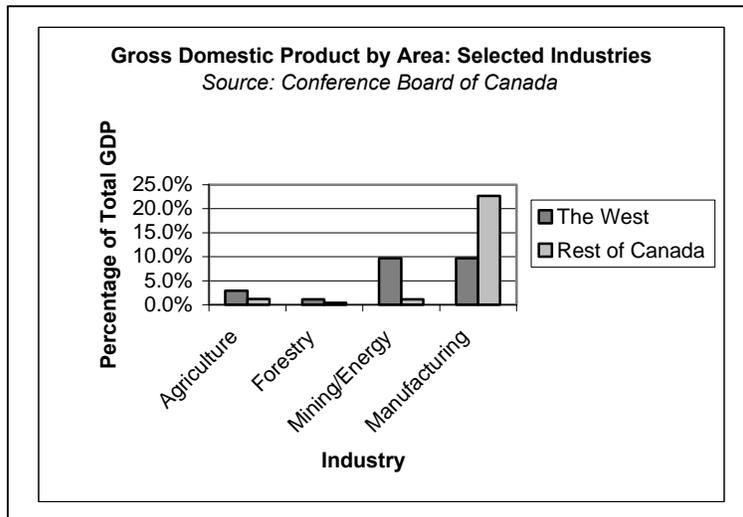
WD's Aboriginal Strategy has focused on tailoring its existing services and operations to better meet the need of Aboriginal business and to work toward filling gaps in Aboriginal programming. Currently, WD's Aboriginal strategy tailors the department's activities to better meet the needs of Aboriginal

entrepreneurs and puts in place a number of initiatives that address gaps in business service delivery. The department's future plans go further – they call for the department to work together with Aboriginal organizations, provincial governments and other federal departments to jointly plan and put in place initiatives that will enhance Aboriginal participation in the mainstream economy.

WD is an effective partner in the delivery of the Government of Canada's goal of creating a clean environment. The department's Sustainable Development Strategy, presented in detail in Section IV of this document, contains three objectives that contribute to the priorities of the clean air, clean water, and the conservation of Canada's natural spaces.

The Economic Context

From Exporting Natural Resources to Innovation through Knowledge



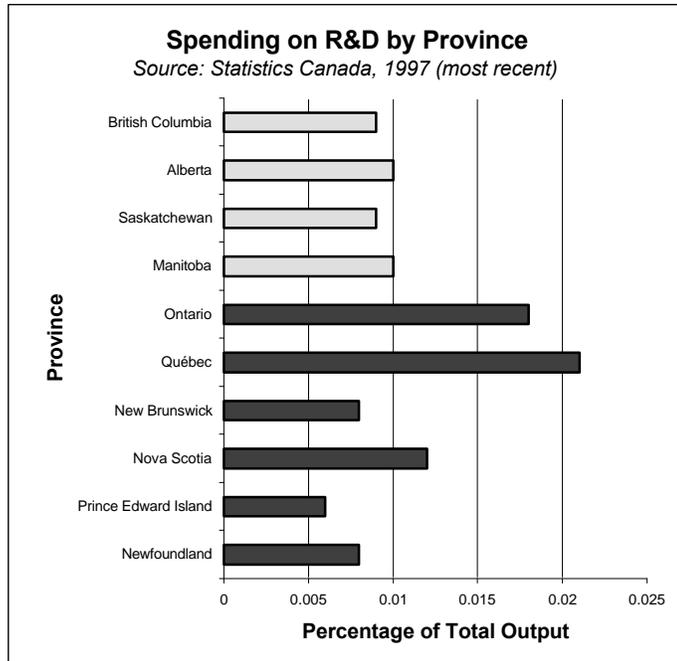
At the millennium, the western Canadian economy remains highly dependent on natural resources compared to the rest of the country. Economic activity in the primary sectors of agriculture, forestry, and mining/energy make up 13.7% of GDP in the West compared to 2.7% in the rest of Canada. The relative prosperity of Western Canada relies in

large measure on exporting this natural resource production to other parts of the world. The economic performance of many service and downstream processing industries, along with the business and retail activities of many communities and rural areas, is closely linked to the major natural resource sectors in the West.

The mining industry, the forestry industry, the farming industry, and the British Columbia salmon fishery represent areas of massive economic change. Each industry faces specific challenges and there is no simple solution that applies to all.

In the new economy, knowledge has become as important as natural resources, physical capital and financial capital as a source of economic growth. Knowledge and innovation give economies their competitive edge in the global marketplace.

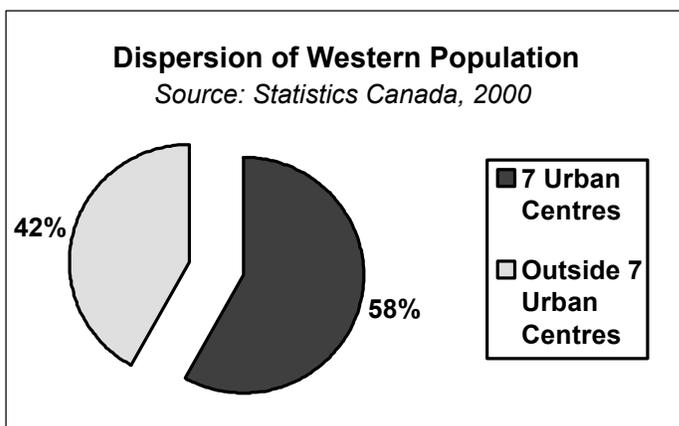
While there is not yet a definitive benchmark for measuring innovation, a good indicator is the amount of research and development activity undertaken. As a nation, Canada recognizes the challenge of increasing the amount of domestic research and development. That is why the government is committed to increasing investments in innovation and research. The Throne Speech commitment is to move Canada from its current ranking of 15th among OECD nations to the top five in research and development performance by at least



doubling federal expenditures on R&D. But as the accompanying graph shows, increasing the national investment in R&D is only part of the picture. WD must work to increase the amount of R&D undertaken and improve the regional systems of innovation to develop a more knowledge-based economy in the West.

The Increasing Importance of Major Urban Centres

The challenge of moving to a knowledge-based economy is accompanied by another kind of movement. That is, the increasing movement of people to the



seven major urban centres in Western Canada. Calgary and Vancouver, in particular, continue to see considerable increases in in-migration. Urban economic and social infrastructure is being stressed by the influx of new residents from a variety of ethnic and cultural backgrounds. This influx of people and economic activity has resulted in the urban centres and surrounding

areas not only becoming home to the majority of western Canadians, but also becoming home to the majority of economic output in the West. Solutions to urban challenges must involve more than short-term fixes; they must provide a

coordinated medium and long-term approach to fundamental socio-economic challenges.

The Challenge of Change in the Rural West

For twenty-five years, western Canadians have been moving from rural to urban areas. The rural west is facing its own set of economic challenges, including a declining and aging population base, and heavy reliance on primary resources. Although rural areas comprise over 90% of the geographic area of Western Canada, they make up much smaller shares of economic output. For example, the traditional rural agricultural industry is undergoing fundamental change as it employs fewer and fewer people, and accounts for a declining share of regional economic output.

The Need for an Inclusive Approach to Economic Development

The shift from a more rural to a more urban society is not the only change in western Canadian demographics. The birthrate for Aboriginal people is by far the highest of all ethnic groups in Canada, with an estimated population growth of 52% between 1991 and 2016⁴. Aboriginal people are moving to urban centres in record numbers in search of new economic opportunities, and this poses special challenges for economic and social policy. As a group, Aboriginals experience a lower labor force participation rate, earn lower incomes and have a higher dependency on social assistance than non-Aboriginal Canadians⁵. To help Aboriginal people participate and prosper in western Canadian society, educational, employment and economic development issues must be addressed in an integrated and coordinated fashion.

Similarly, the barriers faced by women entrepreneurs, people with disabilities, and Francophones can only be overcome through efforts based on a solid understanding of those obstacles and through coordinated federal leadership.

Almost half of the geographic area of Western Canada falls into the northern regions of the western provinces, yet the north is sparsely populated and extremely unbalanced in terms of economic output. Transportation is a big challenge, with some communities accessible only by tertiary roadways and others accessible only by ice road or air. Education levels are generally lower in the north and the percentage of Aboriginal peoples is much higher. While electronic connectedness is paying dividends, and high speed access to internet services is becoming more widespread, challenges remain in accessing the

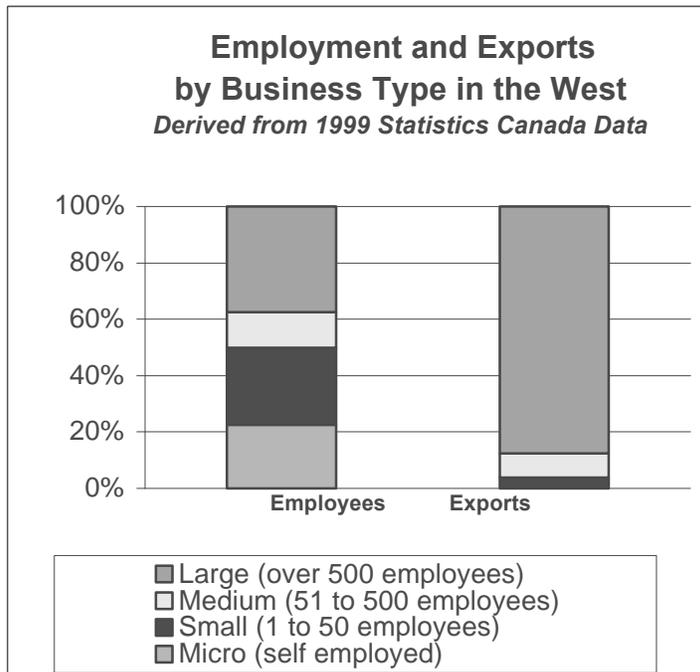
⁴ Performance and Potential 2000-2001, Chapter 4: Maximizing Canada's Talent Pool, The Conference Board of Canada, 2000

⁵ The Government of Canada Report of the Royal Commission on Aboriginal Peoples, November 1996

global economy. Again a coordinated approach is required to ensure the northern parts of Western Canada participate fully in the 21st century economy.

The Importance of Small Business

The role of small business is another key factor in the western economic development and diversification challenge. Small and micro businesses account for about fifty percent of all jobs in Western Canada, which is about five percent



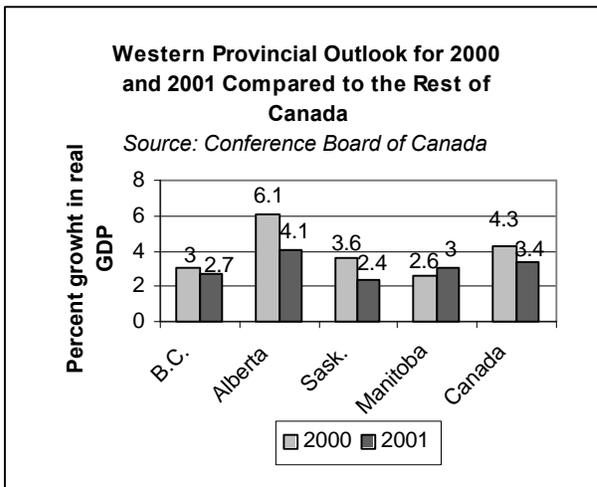
higher than for the rest of Canada. This is partly due to the number of family owned farms in the West that are counted as small businesses. The employment-creating potential of small business has led to it becoming an increasingly important area for economic development policy over the last five years.

There are many challenges facing the small business community in Western Canada. Despite the large number of people employed through small business, the

small business sector accounts for a small share of total economic output, and an even smaller share of export activity. The special needs of small businesses when it comes to exporting, hiring skilled labor, adopting new technologies, obtaining the capital necessary for starting and growing, and developing marketing and management strategies must all be researched and addressed within the western context.

It is apparent that a new set of economic pressure points and challenges to sustained development and growth have emerged in Western Canada. Programs and initiatives must be aimed at: fostering innovation through creating knowledge and investing in new technologies; promoting economic inclusiveness; dealing with the increasing urbanization of the West; and growing and sustaining small business. Equally important will be the ability to identify and respond to emerging economic issues.

The Economic Outlook⁶



In 2000 and 2001 the western provinces are forecast to grow, on average, at about the same rate as the national economy. But when viewed individually, significant differences among the forecast growth rates of the western provinces are apparent. The chart shows that only Alberta will exceed the Canadian average in both years. The other three western provinces are all forecast to lag behind the national growth rate. British Columbia is still fighting its way

through economic adjustment to international pressures, Saskatchewan's growth will slow in 2001 as the agriculture sector woes continue, and investment in manufacturing will boost Manitoba's growth in 2001 but not by enough to match the national rate.

British Columbia



Forest products account for 53% of British Columbia's exports and changing conditions on world markets are causing the price of pulp to rise and the price of lumber to fall. At the same time, natural gas development has given the Fort St. John area the fastest rate of job creation, even though the large and diverse Vancouver economy is creating the greatest volume of jobs.

The Conference Board expects B.C.'s real GDP to grow by 3.0% in 2000 and 2.7% in 2001. Slower growth in the United States and an appreciating Canadian dollar may cast shadows on B.C.'s key forest and mining industries in 2001 but domestic demand will help the province to bridge the gap. Domestic demand started to gain momentum in 2000, and the Board expects it to remain solid next year. Increased migration from other provinces and recovery in housing starts bode well for the B.C. economy in 2001.

Alberta



With energy products comprising 55% of the province's exports, Alberta has benefited from the recent spike in oil and gas prices. Increased gas pipeline capacity now provides better producer access to the United States. The result has been a huge increase in gas exports, and

⁶ All Economic Information Based on the Conference Board of Canada Provincial Outlook, Volume 15, Number 4

a commensurate increase in domestic gas prices. However, rising energy prices have also created a surge in domestic growth and job creation, especially in Calgary, which is home to many energy-related business services.

Alberta will surge ahead again in 2001 with robust growth forecast in all sectors of the economy. Buoyed by tax cuts and strong investment (especially in the northern oil sands), real GDP is forecast to grow by 4.1 percent in 2001 after an incredible energy-driven 6.1% gain in 2000. Overall oil and gas sector growth is forecast to slow marginally in the near term. The Conference Board does not expect crude oil prices to remain over U.S. \$30 per barrel after the peak winter heating season. The Board expects oil prices to fall to about U.S. \$25 per barrel as supply increases in the latter half of 2001. Gas prices, however, are expected to remain strong as U.S. demand continues at peak levels. Consumers will continue to spend in Alberta, partly as a result of personal and corporate income tax cuts in 2001.

Saskatchewan



With agriculture accounting for 40% of Saskatchewan's exports, the dismal price of wheat since 1996 has hit the province hard. Energy accounts for a further 18% of exports and, although rising oil prices have spurred investment and supported GDP growth, energy-related activity has not saved Saskatchewan from continued out-migration.

Saskatchewan's real GDP is forecast to grow by 3.6% in 2000 then slow to 2.4% in 2001. Expansion in oil and gas and mining services spurred on by higher oil prices, and growth in manufacturing led by electronic products powered Saskatchewan's growth in 2000. But for three of the past four years, Saskatchewan's growth has been significantly helped by work on the \$900 million Alliance Pipeline. With the pipeline now completed, Saskatchewan's growth will slow. For the longer term, Saskatchewan faces major challenges in the agriculture sector. Federal and provincial farm aid programs are helping farm incomes, but they cannot completely offset the impact of international increases in wheat stocks and falling wheat prices over the last four years. An agreement with the World Trade Organization is being sought in order to level the playing field for farmers.

Manitoba



With agriculture accounting for 27% of exports, Manitoba has suffered from the farm crisis but to a lesser degree than Saskatchewan. Manitoba has a more diverse industrial base than its western neighbor, and machinery accounts for 21% of exports. Thus, while the farm sector downturn has sapped consumer spending, strength in manufacturing investment is such that GDP growth is forecast to rise in 2001 compared to 2000.

Resurgent farming and mining activity will boost Manitoba growth to 2.6% in 2000. The Conference Board expects that strength in manufacturing and construction will propel Manitoba's real growth to 3.0% in 2001, in part due to the expected buoyancy of the manufacturing and aerospace sectors. As well, the mining sector is also expected to achieve significant gains, through mine expansion and the firming up of prices. This means that Manitoba will be one of only two provinces in Canada where growth will gather momentum in 2001. Federal and provincial tax cuts will also boost disposable income which is expected to drive up retail sales in 2001.

2.5 Departmental Planned Spending

Western Economic Diversification Canada Departmental Planned Spending

(\$ thousands)	Forecast Spending 2000-2001	Planned Spending 2001-2002	Planned Spending 2002-2003	Planned Spending 2003-2004
Budgetary Main Estimates (gross)	191,478.0	284,447.0	270,030.0	234,444.0
Non-Budgetary Main Estimates (gross)
Less: Respendable Revenues
Total Main Estimates	191,478.0	284,447.0	270,030.0	234,444.0
Adjustments **	26,287.5	0.0	0.0	0.0
Net Planned Spending	217,765.5 *	284,447.0	270,030.0	234,444.0
Less: Non-respendable revenue	49,657.7	33,540.0	22,480.0	12,000.0
Plus: Cost of services received without charge	3,870.2	3,935.5	3,937.3	3,874.6
Net cost of Program	171,978.0	254,842.5	251,487.3	226,318.6
Full Time Equivalents	342	364	364	360

* Reflects the best forecast of total net planned spending to the end of the fiscal year.

** Adjustments are to accommodate approvals obtained since the Annual Reference Level Update (ARLU) exercise.

Explanation of change: Planned spending for years 2001-2002, 2002-2003, and 2003-2004 reflects increased spending as a result of the new Infrastructure Canada Program. Full time equivalents for years 2001-2002 and on-going include additional personnel required for the delivery of the new Infrastructure Canada Program. Non-respendable revenues reflect the dwindling repayments situation of the Department, a direct result of the virtual elimination of repayable loans in 1994-1995.

SECTION III: DEPARTMENTAL PLANS, RESULTS, ACTIVITIES AND RESOURCES

All WD programming, strategies and related activities are centred around fulfilling the Government commitments set out in Results for Canadians. Of particular importance are Citizen-Centred Service Delivery and Government of Canada On-Line (GOL).

Citizen-Centred Service Delivery

Canadians have indicated that they want easier, more convenient, seamless access to government services, and higher levels of quality and performance in service delivery by government organizations.⁷ As a commitment to ensuring Citizen-Centred Service Delivery, Treasury Board has approved a Service Improvement Initiative that establishes a target of at least a 10% improvement over the next five years in the public's level of satisfaction with the delivery of key government services. A policy framework has been developed that commits those departments and agencies that have significant direct service delivery activities to a number of key objectives.

As one of these departments, WD is strongly committed to supporting Citizen-Centred Service Delivery and is taking the action necessary to improve the level of public satisfaction with WD's services. WD is undertaking an assessment of its current situation with a client satisfaction survey and the development of a service improvement plan.

This survey will measure the level of current client satisfaction, assist in identifying service improvement priorities, and contribute to the establishment of benchmarks and service standards from which to measure improvement.

Government of Canada On-Line (GOL)

The Government of Canada's Government-On-Line (GOL) Initiative is based on a commitment made in the 1999 Speech from the Throne to offer citizens and businesses faster, more convenient and seamless access to services and programs. The initiative consists of three tiers:

- Tier One (by December 2000): Information on all key programs and commonly used forms available on-line.
- Tier Two (by December 2004): All Department key services available on-line organized around citizens' needs; applications and financial transactions will be processed securely on-line in "real time".

⁷ Results for Canadians, A Management Framework for the Government of Canada, Treasury Board of Canada Secretariat, 2000

- Tier Three (in the next few years): joint service delivery with other levels of government, businesses, volunteer organizations and international partners, where appropriate.

WD is building the relationships necessary to maximize effective use of this fast changing technology to improve service to Canadians. WD is committed to meeting or exceeding the target dates for GOL and is planning to achieve full Tier Three implementation by December 31, 2003.

A senior executive has been appointed to lead the initiative. A steering committee with representation from all areas of the Department sets GOL priorities within WD, and a Project Management Office has been established.

The WD Government-On-Line Business Approach was written to help staff at all levels understand the challenges and opportunities of transitioning to an on-line environment.

WD has successfully met the GOL Tier 1 objectives, and is well on its way to complying with the Government's "Common Look and Feel" guidelines for web sites. The results from a web site audit, along with feedback from a client satisfaction survey will be used to redesign the web site in 2001. Tier 2 and 3 plans are being formulated and will represent the majority of the work in 2001-02.

WD is consulting with WD staff and members of the Western Canada Business Service Network to define the business transformation required, the back end process that needs to be built, the partnering relationships that need to be established, the core competencies required for on-line delivery of products and services and a plan to upgrade skills or hire employees with these skills, as required.

3.1 Business Line Details

Key Results Commitments (Department)

The Department has one business line, Western Economic Diversification. The objective of the business line is:

To more effectively guide, in close cooperation with western stakeholders, federal government policies, regulations and resources so that they become more constructive instruments of western economic growth and diversification.

The following chart describes the objectives/key commitments for this business line:

To provide western Canadians with:	Planned Results:
A strengthened western Canadian innovation system	<ul style="list-style-type: none"> • Improved knowledge infrastructure and capacity • Enhanced capacity of firms to develop and adopt new technologies • Assistance to rural Western Canada in facing challenges due to reliance on resource based economy and service economy • Enhanced coordination and alignment of innovation priorities and strategies between federal, provincial, and other innovation players
Economic programs and services through strategic partnerships, leadership and coordination	<ul style="list-style-type: none"> • Improved intergovernmental relations through joint planning, priority setting and cooperation • Coordinated efforts to address federal and regional priorities • Enhanced economic development/sustainable growth by coordinated efforts to address issues facing urban cities, northern communities and communities in transition • Improved federal sensitivity to western needs and concerns
A strengthened and expanded business sector in Western Canada	<ul style="list-style-type: none"> • Improved business management capabilities of SMEs • Improved access to capital for SMEs • Improved awareness and adoption of e-commerce by SMEs • Improved export preparedness and capability of western businesses • Improved capability of western SMEs to sell their products and services to government • Address systemic issues in small business development
Research on the western Canadian economy that results in new programs or policies contributing to innovation, growth and diversification	<ul style="list-style-type: none"> • Intelligence to make informed policy, advocacy and program development decisions • A platform from which a shared research agenda on Western Canada can be developed with provincial governments and research institutions
The delivery of national programs in Western Canada and mitigation of the economic impact on communities affected by federal facility closures or reductions, natural disasters, or by changes in federal policies and programs	<ul style="list-style-type: none"> • Delivery of the Infrastructure Canada Program • Mitigation of the impacts of natural disasters, base closures or changes to federal policies and programs

3.2 Planned Spending and Full Time Equivalents

Western Economic Diversification Canada Net Planned Spending and Full Time Equivalents (FTE)

Forecast Spending* 2000-2001		Planned Spending 2001-2002		Planned Spending 2002-2003		Planned Spending 2003-2004	
\$Thousands	FTE	\$Thousands	FTE	\$Thousands	FTE	\$Thousands	FTE
217,765.5	342	284,447.0	364	270,030.0	364	234,444.0	360

* Reflects the best estimate of forecast spending for 2000-2001.

Explanation of change: Planned spending for years 2001-2002, 2002-2003, and 2003-2004 reflects increased spending as a result of the new Infrastructure Canada Program. Full time equivalents for years 2001-2002 and on-going include additional personnel required for the delivery of the new Infrastructure Canada Program.

3.3 Key Results Commitments, Planned Results, Related Activities and Resources

WD is mandated to promote the development and diversification of the western Canadian economy; to coordinate federal economic activities in the West; and to reflect western Canadian interests in national decision making. While the mandate of the Department has not changed since the Department was created in 1987, how WD fulfills that mandate has evolved to address changes in the western, Canadian, and global economy.

To more effectively address the challenges and pursue opportunities of the new knowledge-based economy, WD has refocused its programs and services into four core service lines/activity areas: Innovation, Partnership and Coordination, Business Development and Entrepreneurship, and Economic Research and Analysis. As well, the Department continues to deliver National Programs and Other Initiatives.

Following is a description of each of these core and non-core service lines/activity areas, as well as objectives the Department is working towards, and the planned activities that will help WD meet these commitments.

Innovation

Objective/Key Result Commitment:

To strengthen the western Canadian innovation system

WD, from its inception, has made investments in innovation through the Western Diversification Program (WDP), Strategic Initiatives (SI) program, and Western Economic Partnership Agreements (WEPA). From 1988 to 1999, WD invested

\$444 million in 2,591 innovation projects attracting approximately \$2.2 billion in collateral financing.

In 2001/02, WD will focus on issues such as productivity, the “innovation gap” (as identified by the OECD, and measured by indicators such as expenditures on R&D, manufacturing output, % of science jobs, # of patents issued, and technology adoption rates), “systems of innovation” and “clusters.” While Canada has an innovation gap with other developed countries, Western Canada’s innovation indicators are lower than central Canada and point to structural weaknesses in the Western innovation system. Although Western Canada has a strong resource sector and well-recognized research capacities in the universities, this masks the need to build a more integrated system of innovation.

Innovation systems recognize that innovation is not a linear process, but occurs best in an environment where a number of factors are optimum:

- Knowledge infrastructure (universities, research facilities) that yield new technologies and a skilled workforce;
- Sufficient patient financing to support the commercialization of technologies (early stage venture capital);
- Organizations which facilitate communications between the players in the innovation system (industry associations);
- Firms with the capacity to develop and adopt new technologies with linkages to both local and global markets; and
- a business environment that is conducive to innovation.

Clusters are innovation systems focused on a specific area of strength, are world competitive, and draw resources to the area.

As part of Western Canada’s innovation system, WD’s objective is:

- to make strategic investments, which will position Western Canada to increase its innovation capacity both in urban and rural areas in order to build and strengthen technology clusters;
- to enhance technology adoption in firms; and
- to provide leadership and coordination to federal, provincial, university, and industry to encourage the alignment of innovation priorities in the West.

These investments will be both province specific and multi-jurisdictional and are expected to be targeted to key sectors such as new media, proteomics, advanced manufacturing technologies, geomatics, climate change technologies, and health industries.

Innovation	
Planned Results	Related Activities
To improve knowledge infrastructure and capacity	<ul style="list-style-type: none"> • WD will develop and implement programs to fund innovation infrastructure, linkages and technology commercialization activities in Western Canada.
To enhance the capacity of firms to develop and adopt new technologies	<ul style="list-style-type: none"> • WD will develop and implement programs and services to support SMEs in adopting innovative processes and technology. • WD will continue to promote and deliver the First Jobs in Science and Technology Program to support students and SMEs.
To assist rural Western Canada in facing challenges due to reliance on resource based economy and service economy	<ul style="list-style-type: none"> • WD will develop and implement programs and services to assist rural communities in using innovation to address challenges.
To enhance coordination and alignment of innovation priorities and strategies between federal, provincial, and other innovation players	<ul style="list-style-type: none"> • Under WD's leadership, a Senior Officials Forum on Innovation and a DM's Policy Meeting is convened to address priorities. Other forums, including leaders from industry, universities, and other innovation players will be consulted.

Partnership and Coordination

Objective/Key Result Commitment:

To engage in strategic partnerships and provide leadership and coordination to deliver economic programs and services to western Canadians

Consistent with the *Western Economic Diversification Act*, WD is taking a leadership role in forging partnerships with the private sector, other federal departments, and western governments to address horizontal issues that have been identified as priorities. As well, WD advocates on behalf of westerners within the federal government.

The objectives of these activities are:

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

The department actively engages westerners in consultations to identify needs and priorities and to forge new and expanded partnerships with western stakeholders. The department has unique insights into the activities of provincial and municipal governments in the West. It also has a strong network including business associations, voluntary organizations and other interest groups that provide insights into, and sensitivity to, the regional dynamic. The Deputy Minister for WD chairs a forum of western provincial economic development deputies, to share information and explore opportunities for collective action on a range of policy issues facing the West. This forum is supported by the western ADM Policy Group.

Western Economic Partnership Agreements (WEPAs) are cost-shared federal provincial arrangements that have proven to be useful joint planning and implementation mechanisms. In 2001-02, WD will work with the provincial governments to explore opportunities for cooperation on development in the northern areas of the provinces, and Aboriginal development. These areas have been identified as priorities by all four western provinces.

Similarly, the Winnipeg Development Agreement, the Edmonton Development Agreement and the Vancouver Agreement have brought provincial, municipal and federal departments together to share information, jointly plan and coordinate activities to address urban development issues. In 2001-02, WD will work with provincial governments, municipalities and other federal departments to bring focused resources to bear on key issues in each of the seven major western centres.

WD is working with central agencies, the Department of Indian Affairs and Northern Development (DIAND) and others to develop a renewed approach to Aboriginal economic development in Western Canada. WD's activities will focus on facilitating a coordinated approach among federal players, provincial governments and other key stakeholders.

WD will also facilitate identifying communities at risk and work with them to respond to changing economic and industry circumstances (e.g. declining industries, capitalizing on new opportunities). In these circumstances, WD will work with other federal departments and the provincial governments to coordinate activities and to promote community planning, innovation and sustainable economic development.

WD will continue to work with the Federal Regional Councils and, where appropriate, may assume the lead role in the federal management and coordination of horizontal issues, in partnership with other federal and provincial agencies. This cooperative approach is expected to yield an improvement in federal-provincial relations, reductions in duplication of effort and broader participation by westerners in the benefits of economic growth.

Partnership and Coordination	
Planned Results	Related Activities
Improved intergovernmental relations through joint planning, priority setting and cooperation	<ul style="list-style-type: none"> • Identify and agree on a shared action plan to address issues and priorities with other federal departments and the western provincial governments. • Arrange to deliver comprehensive public sector services through Government-on-Line initiative.
Coordinated efforts to address federal and regional priorities	<ul style="list-style-type: none"> • Lead/participate in Federal Councils and work in cooperation with provincial governments to address federal and regional priorities.
Enhance economic development/sustainable growth by coordinating efforts to address issues facing urban cities, northern communities and communities in transition.	<ul style="list-style-type: none"> • Develop and implement new programming mechanisms
Improve federal sensitivity to western needs and concerns	<ul style="list-style-type: none"> • Through consultation and other means, collect, analyze and disseminate information on the West through the federal system. • Advocate on behalf of the West. • Enhance federal visibility in the West.

Business Development and Entrepreneurship

Objective/Key Result Commitment:

To strengthen and expand the business sector in Western Canada

WD supports business growth and development in Western Canada through innovative, cost-effective programs and services that facilitate small business success.

Since the department was established in 1987, it has recognized that small-and medium-sized enterprises (SMEs) are critical to the economy in Western Canada. Small and micro businesses account for about fifty percent of all jobs in Western Canada, which is about five percent higher than for the rest of Canada. However, in order to grow and be successful in today's global economy, SMEs require business and management information and access to capital. SMEs also require assistance in adapting to new technology, exporting, selling to government and e-commerce.

WD will continue to address the needs of SMEs and entrepreneurs through the more than 100 offices of the Western Canada Business Service Network (WCBSN) which includes WD Client Service Branches, Community Futures Development Corporations (CFDCs), Womens' Enterprise Initiatives (WEIs), Francophone economic development organizations, and the Canada Business Services Centres (CBSCs).

As well, WD partners with Aboriginal economic development organizations and financial institutions to provide services to SMEs in the West. In support of the federal Government-On-Line initiative, WD's programs and services for SMEs will be delivered on line where appropriate.

CFDCs, WEIs, and Francophone economic development organizations are operated by boards of directors drawn from the communities that they serve. WD provides operating assistance to these organizations to help them provide local solutions to community challenges. Through these partnerships, WD provides citizen-centred service delivery to meet the needs of western entrepreneurs including rural, women, youth, Francophone, disabled and Aboriginal entrepreneurs.

WD's Loan/Investment Fund Program is a public/private partnership that provides loans and counseling services to firms and entrepreneurs in key growth areas. WD provides loan loss reserves to leverage private sector investment in higher-risk, emerging and export-oriented small business. WD provides business planning advice and screens applicants, but loan decisions are made by financial institutions on a commercial basis under this program.

WD partners with other federal and provincial partners in the Canada Business Service Centres (CBSCs) in each of the western provinces. These Centres provide a one-stop location for a business person to access information about government programs (federal and provincial, and in some instances municipal) as well as information on exporting, market opportunities, the economy, and other material of interest to the business community.

WD will continue to provide systemic support to businesses in strategic sectors through financial support of conferences, business associations, and other projects benefiting businesses in key areas. These initiatives in particular will encourage innovation among SMEs in order to increase productivity, competitiveness and the adoption of sustainable development practices.

Prior to 1995, WD provided repayable contributions to businesses. Under the Business Development and Entrepreneurship program area, WD will continue its collections of these repayable contributions and will ensure that remaining commitments are paid out in accordance with the terms of agreements approved under the Western Diversification and other programs.

Business Development and Entrepreneurship	
Planned Results	Related Activities
Improved business management capabilities of SMEs	<ul style="list-style-type: none"> • WD and its service network will provide information and counseling services to SMEs and entrepreneurs
Improved access to capital for SMEs	<ul style="list-style-type: none"> • WD, through its leveraged loan funds and service network, will provide capital for SMEs in targeted areas (i.e. rural SMEs, SMEs operated by women, Francophone, disabled, or young entrepreneurs, and urban SMEs in identified priority sectors) • WD and its network partners will provide SMEs with path finding services and referrals to alternate sources of financing.
Improved awareness and adoption of e-commerce by SMEs	<ul style="list-style-type: none"> • WD will provide e-commerce seminars and counseling services for SMEs
Improved export preparedness and capability of western businesses	<ul style="list-style-type: none"> • WD will deliver skills development and export counseling services to help SMEs become export ready. • WD will continue to promote and deliver the International Trade Personnel Program to support students and SMEs.
Improved capability of western SMEs to sell their products and services to government	<ul style="list-style-type: none"> • WD will provide information to SMEs on selling to government and to Prime Contractors on Major Crown Projects. • WD will advocate that major federal procurement contracts include industrial regional benefits for the West.
Address systemic issues in small business development	<ul style="list-style-type: none"> • Exploration of SME clusters and networks to improve awareness and reduce barriers to inter-firm cooperation and adoption of innovations. • Exploration and dissemination of information related to innovative marketing approaches: value chains, buying groups, supply chains.

Economic Research and Analysis

Objective/Key Result Commitment:

To provide research on the western Canadian economy that results in new programs or policies contributing to innovation, growth and diversification

The economic research and analysis function is designed to position WD as “the expert” on western Canadian issues and trends over the long term. Some of the work as part of this core activity is used to improve the design and delivery of WD programs. Other work contributes to the strategic direction of the department and is used in the department’s advocacy efforts.

The economic research and analysis function is based upon three long-term objectives:

- Expanding and managing the research/policy capacity in the West so that information can be conveyed to Ottawa that will lead to a better understanding of the impacts of macro and micro economic policy on the region, a better understanding about the impacts of WD programming, and a better understanding of the western economy.
- Using the results of research to make policy choices as they apply to the department and Western Canada and designing programs to address specific needs identified through research.
- Ensuring that appropriate mechanisms are in place to enable policy makers in Western Canada to have access to relevant research on western issues, and to share research findings on topics of concern to the region.

Carrying out this work involves analyzing local and regional socio-economic conditions, and studying short and long-term trends. It involves gathering intelligence on major policy or program issues, including federal-provincial irritants and local/regional perspectives on national issues. And, it involves building strong relationships with key public and private sector representatives in the West, both as a means to gather intelligence and to communicate the federal agenda in the West.

Often, these research-based relationships involve partnerships with provincial governments, academic institutions, think tanks, and industry research specialists. The partnerships ensure that research topics identified are relevant to policy makers across the West, and sometimes involve sharing human and financial resources on specific research projects. As well, the partnerships help WD stay apprised of independent research activities, and they contribute toward a forward-looking debate on long-term issues and strategies for Western Canada consistent with WD’s leadership mandate.

Economic Research and Analysis	
Planned Results	Related Activities
Intelligence to make informed policy, advocacy and program development decisions.	<ul style="list-style-type: none"> • Develop a departmental research agenda for 2001 to 2003. • Develop research projects with provincial government participation. • Complete an assessment of the performance and potential of Western Canada's economy. • Complete a project piloting a western Canadian virtual research network
A platform from which a shared research agenda on Western Canada can be developed with provincial governments and research institutions.	

National Programs and other Initiatives

Objective/Key Result Commitment:
To deliver national programs in Western Canada and mitigate the economic impact on communities affected by federal facility closures or reductions, natural disasters or by changes in federal policies and programs

Consistent with WD's legislated mandate to be the federal government's lead economic development agency in the West, the department is called upon to implement national programs and, as required, to address the economic impacts of natural disasters, base closures and other situations arising from changes in federal policies. The department carries out these activities after thorough consultations with provincial and municipal governments and local groups and, whenever possible, through partnerships with those governments and local stakeholders.

The department was responsible for the delivery of the first Canada Infrastructure Program in the West and is currently working with provincial governments and municipalities to deliver the second program.

The department has also coordinated and led efforts to mitigate the impacts of natural disasters (eg. the Manitoba Flood and the decline of the West Coast salmon fishery), base closures (eg. Portage la Prairie and Royal Roads) or situations arising from changes in federal policies and programs, on behalf of the federal government.

National Programs and other Initiatives	
Planned Results	Related Activities
Delivery of the Infrastructure Canada Program	<ul style="list-style-type: none"> • Implement the Infrastructure Canada Program in partnership with other governments.
Mitigation of the impacts of natural disasters, base closures or changes to federal policies and programs	<ul style="list-style-type: none"> • Coordinate efforts by federal departments to mitigate effects of natural disasters, base closures or conditions arising from changes to federal policies and programs.

SECTION IV: JOINT INITIATIVES

4.1 Horizontal Initiatives

Sustainable Development Strategy

Through an amendment to the *Auditor General Act*, 29 government departments are now required to table a Sustainable Development Strategy (SDS) every three years in the House of Commons. WD developed its first SDS in December 1997 and tabled its second, earlier in 2001. This second strategy has given the Department the opportunity to review its progress and set a challenging and relevant course for the next three years.

In preparing for, and conducting consultation on the draft SDS, WD did an assessment of the successes and weaknesses of the previous strategy. These “lessons learned” formed a substantial portion of the discussion and planning for the updated SDS 2000. Initial consultation was conducted with approximately 500 contacts: WD staff, other government departments, non-government organizations and academic representatives. A smaller number of participants reviewed the draft SDS, providing insightful comments and suggesting a number of ways in which WD could partner or collaborate to achieve common SD objectives. An audit was also performed, on behalf of the Commissioner of the Environment and Sustainable Development, to evaluate WD’s assessment of the previous (1997) SDS. One of the significant changes arising out of the audit process was a commitment to improving the performance measurements contained in the SDS 2000.

WD is committed to a SDS that is achievable and meaningful. The WD SDS 2000 has an improved performance measurement system and accountability framework. Our new SDS focuses on three main goals:

- to facilitate the integration of SD into the business practices of SMEs in Western Canada through our network partners;
- to integrate sustainable development into the programs, services and activities that we deliver directly and in partnership; and
- to foster a sustainable development culture within WD.

Initially, our first step will be to implement an Environmental Management System (EMS), integrating sustainable development practices into our operational system. Annual reporting on the three-year SDS in the Department Performance Report will ensure that we are achieving our SDS goals in a timely manner and that we are committed to continuous improvement.

4.2 Collective Initiatives

As a comparatively small department with a broad mandate, WD collaborates closely with a wide variety of other federal government departments, provincial and municipal governments, community organizations, and others. For example, WD partners with provincial governments to invest in economic development through the Western Economic Partnership Agreements (WEPA). The Deputy Minister for WD chairs a forum of western provincial economic development deputies, to share information and explore opportunities for collective action on a range of policy issues facing the West. This forum is supported by the western ADM Policy Group.

In addition, WD participates in the Senior Officials Forum on Innovation, along with members from the four western provinces and two other federal departments. Participation in Regional Federal Councils is also a priority for WD; two of our ADMs chair federal councils in Saskatchewan and Manitoba. WD's strategy for its Business Development and Entrepreneurship core program area is heavily dependent on collective initiatives with non-profit organizations such as Community Futures Development Corporations and Womens' Enterprise Initiatives and Federal/Provincial cooperation through Canada Business Service Centres. The following table summarizes the key co-delivery relationships in each of WD's core service line/activity areas. Additional information is available in Section III.

Collective Initiatives		
Core Service Line/ Activity Area	Key Result Commitment	Primary Co-Delivery Partners
Innovation	To strengthen the western Canadian innovation system	<ul style="list-style-type: none"> • Western provincial governments • Industry Canada • National Research Council • Universities
Partnership and Coordination	To form strategic partnerships and provide leadership and coordination to deliver economic programs and services to western Canadians	<ul style="list-style-type: none"> • Western provincial and municipal governments • Other federal departments
Business Development and Entrepreneurship	To strengthen and expand the business sector in Western Canada	<ul style="list-style-type: none"> • CFDCs • WEIs • CBSCs • Francophone economic development organizations • Aboriginal economic development organizations • Financial institutions
Economic Research and Analysis	To provide research on the western Canadian economy that results in new programs or policies contributing to innovation, growth and diversification	<ul style="list-style-type: none"> • Western provincial governments • Other federal departments
National Programs and Other Initiatives	To deliver national programs in Western Canada and mitigate the economic impact on communities affected by federal facility closures or reductions, natural disasters or by changes in federal policies and programs	<ul style="list-style-type: none"> • Western provincial governments • Local stakeholders • Other federal government departments • Municipalities

SECTION V: FINANCIAL INFORMATION

TABLE 5.1: Summary of Transfer Payments

(\$ thousands)	Forecast Spending 2000-2001	Planned Spending 2001-2002	Planned Spending 2002-2003	Planned Spending 2003-2004
GRANTS				
Grants for the Western Diversification Program	...	5,000.0	5,000.0	5,000.0
Total Grants	...	5,000.0	5,000.0	5,000.0
CONTRIBUTIONS				
Western Diversification Program	128,876.0	118,101.0	63,976.0	54,746.0
Canada Infrastructure Works Program	7,786.0	8,027.0	0.0	0.0
Infrastructure Canada Program	2,000.0	84,700.0	137,200.0	114,400.0
Loan Fund Program	6,000.0	7,600.0	7,600.0	7,600.0
(S) Liabilities under <i>the Small Business Loans Act</i>	24,000.0	15,000.0	8,000.0	4,000.0
(S) Liabilities under the <i>Canada Small Business Financing Act</i>	1000.0	3,000.0	6,000.0	8,000.0
Total Contributions	169,662.0	236,428.0	222,776.0	188,746.0
Total Transfer Payments	169,662.0	241,428.0	227,776.0	193,746.0

(S) Statutory Vote

Explanation of change: Planned spending for years 2001-2002 includes additional resources related to the new Infrastructure Canada Program, and contribution reprofiling from 2000-2001 primarily for the Western Economic Partnership Agreements. Planned spending for 2002-2003 and beyond includes additional resources for the Infrastructure Canada Program.

Table 5.2: Details on Transfer Payments Programs

Grants for the Western Diversification Program

Objective: To more effectively guide, in close cooperation with western stakeholders, federal government policies, regulations and resources so that they become more constructive instruments of western economic growth and diversification.

Planned Results	Milestones
<ul style="list-style-type: none"> • A strengthened western Canadian innovation system • Strategic partnerships, and leadership and coordination to deliver economic programs and services to western Canadians • A strengthened and expanded business sector in Western Canada • Research on the western Canadian economy that results in new programs or policies contributing to innovation, growth and diversification <p>(contribution 2001-02, \$5 million.)</p>	<p>See Section III, Innovation, pages 22-24</p> <p>See Section III, Partnership and Coordination, pages 24-26</p> <p>See Section III, Business Development and Entrepreneurship, pages 26-28</p> <p>See Section III, Economic Research and Analysis, pages 29-30</p>

Western Diversification Program

Objective: To more effectively guide, in close cooperation with western stakeholders, federal government policies, regulations and resources so that they become more constructive instruments of western economic growth and diversification.

Planned Results	Milestones
<ul style="list-style-type: none"> • A strengthened western Canadian innovation system • Strategic partnerships, and leadership and coordination to deliver economic programs and services to western Canadians • A strengthened and expanded business sector in Western Canada • Research on the western Canadian economy that results in new programs or policies contributing to innovation, growth and diversification <p>(contribution 2001-02, \$118.1 million)</p>	<p>See Section III, Innovation, pages 22-24</p> <p>See Section III, Partnership and Coordination, pages 24-26</p> <p>See Section III, Business Development and Entrepreneurship, pages 26-28</p> <p>See Section III, Economic Research and Analysis, pages 29-30</p>

Western Economic Diversification Loan/Investment Fund Program

Objective: To improve access to capital for western small-and medium-sized enterprises in strategic growth industries through the establishment of specialized Loan/Investment Funds, on commercial terms, in cooperation with private and public sector providers of debt/equity capital.

Planned Results	Milestones
Improved access to capital for SMEs (contribution 2001-02, \$7.6 million)	See Section III, Business Development and Entrepreneurship, pages 26-28

Canada Small Business Loans Act and Canada Small Business Financing Act

Objective: The objective of the Canada Small Business Financing Program is to encourage participating lending institutions to increase the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises.

(contribution 2001-02, \$18 million in total)

Table 5.3: Source of Non-respondable Revenue

(\$ thousands)	Forecast Revenue 2000-2001	Planned Revenue 2001-2002	Planned Revenue 2002-2003	Planned Revenue 2003-2004
Repayment of repayable contributions	22,980.0	15,000.0	8,000.0	0.0
Adjustment to previous years payables at year-end	567.7	0.0	0.0	0.0
Service fees under the <i>Small Business Loans Act</i>	24,000.0	15,000.0	8,000.0	4,000.0
Service fees under the <i>Canada Small Business Financing Act</i>	1,000.0	3,000.0	6,000.0	8,000.0
Other Revenue	1,110.0	540.0	480.0	0.0
Total Non-respondable Revenue	49,657.7	33,540.0	22,480.0	12,000.0

Explanation of change: Planned revenue for 2001-2002 and on-going years reflects the dwindling repayable portfolio of the Department as a result of the 1994-1995 decision to cease the provision of repayable loans.

Table 5.4: Net Cost of Program for the Estimates Year

(\$ thousands)	Total
Net Planned Spending	284,447.0
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	2,122.6
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS	1,715.3
Workman's compensation coverage provided by Human Resources Canada	15.2
Salary and associated expenditures of legal services provided by Justice Canada	82.4
	3935.5
Less: Non-respondable Revenues	33,540.0
2001-2002 Net Program Cost	254,842.5

SECTION VI : OTHER INFORMATION

6.1 Contact List - Western Economic Diversification Canada

General Inquiries

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6.2. Legislation Administered

The Western Economic Diversification Act, 1988