



# Western Economic Diversification Canada

## Performance Report

For the period ending  
March 31, 2002

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 of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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 funds.

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## Foreword

In the spring of 2000, the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the Government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Departments and agencies are encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on outcomes - benefits to Canadians and Canadian society - and describes the contribution the organisation has made toward those outcomes. It sets the department’s performance in context and discusses risks and challenges faced by the organisation in delivering its commitments. The report also associates performance with earlier commitments as well as achievements realised in partnership with other governmental and non-governmental organisations. Supporting the need for responsible spending, it links resources to results. Finally, the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments and agencies strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organisation according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

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

Comments or questions can be directed to:

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# *Western Economic Diversification Canada*



## *Performance Report*

For the period ending March 31, 2002

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Minister of Western Economic Diversification

Canada

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## SECTION I: MESSAGES

### Minister's Portfolio Message

The dawn of the twenty-first century has seen the development of the global knowledge economy. The Government of Canada has been working for the past decade to create winning conditions for Canadians to ensure that we are ideally positioned - with both the tools and the skills necessary - to seize the opportunities offered in the new economy.

It started with eliminating the deficit and with good fiscal management, followed closely by significant corporate and personal tax cuts and streamlining government. Over the last decade, we also built an impressive research and development (R&D) infrastructure and became one of the world's most connected countries. We are now global leaders in per capita access to information technology and the Internet.

British Columbia, Alberta, Saskatchewan and Manitoba are seeing the benefits of these investments. Canada's success can be measured in having the fastest rate of growth among the G7 countries in areas such as: private-sector R&D spending; external patent applications; R&D intensity; and the number of workers devoted to R&D.

But in this global race we cannot afford to rest on our laurels. That is why, in February of 2002, our government launched *Canada's Innovation Strategy*. This strategy is designed to foster a culture of innovation in Canada, improve the quality of life for Canadians and to see the maple leaf become a hallmark of excellence for the world. It is a strategy that has a home in Canada's rich West.

*Canada's Innovation Strategy* identifies opportunities in four key areas: creating new knowledge and bringing those ideas to market quickly and effectively; ensuring that Canada has enough highly qualified people with the skills needed to compete globally; modernising our business and regulatory policies to foster entrepreneurship; and supporting innovation at the local level so that our communities continue to be magnets for investment and opportunity.

#### *The Industry Portfolio is:*

- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada\*
- Canada Economic Development for Quebec Regions
- Canadian Space Agency
- Canadian Tourism Commission\*
- Competition Tribunal
- Copyright Board Canada
- Enterprise Cape Breton Corporation\*
- Industry Canada
- 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 Departmental Performance Report

To develop this strategy, we are talking to Canadians from coast to coast to coast to create an action plan for the next decade. *Canada's Innovation Strategy* is not a government program but a call for all sectors of the economy to work together to achieve ambitious targets for the future. The action plan will identify specific ways that government, business, academia and communities can achieve our national goals.

The Industry Portfolio, consisting of 15 departments and agencies, is an important instrument in fostering innovation in Canada. Western Economic Diversification Canada (WD) plays a key role in the Industry Portfolio and I am pleased, therefore to present their Performance Report for 2001-2002.

In the past year, Western Economic Diversification Canada made significant contributions to the development of the Western Canadian economy. Building on a strong record of advancing innovation in the West, WD continued its strategic investments to reinforce existing strengths and to create new areas of expertise. Working in partnership with all levels of government, communities, research institutes and the private sector, WD successfully leveraged resources and set the stage for the growth of emerging innovation clusters such as new media, health technologies and micro-technologies. Through its Western Canada Business Service Network, offering over 100 points of service throughout the four western provinces, WD also continued to assist small businesses with the information and resources they need to grow and succeed. As well, the department's support of economic research and analysis in the West helped pinpoint regional strengths and priorities, and will provide a stronger platform from which new programs and policies can emerge. WD is building an economic structure and business sector in the West that is innovative, forward-looking and globally competitive, and that will benefit all Canadians.

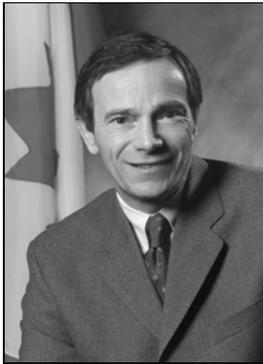
These are only a few highlights. I invite you to explore Western Economic Diversification Canada's Departmental Performance Report to discover the many ways that WD contributes to Canada's economic progress and growth.

Working together we are making our country a stronger and more prosperous place for all Canadians.

---

Allan Rock, Minister of Industry

**MESSAGE FROM:**



**Stephen Owen**  
**SECRETARY OF STATE**  
**(WESTERN ECONOMIC DIVERSIFICATION)**

As we have learned from recent global upheavals, the economic well-being of Western Canada and the Canadian economy remains vulnerable to broader influences. That's why Western Economic Diversification Canada (WD) is working with and for Western Canadians to support the development of a Western Canadian economy that is innovative, inclusive, sustainable and diversified. In the past fiscal year, the department's work and investment in Western Canada has produced significant results.

Western Economic Diversification Canada has a 15-year history of investing in the West. Since its establishment in 1987, WD's mandate has been to promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy. In the past year, WD fulfilled its mandate by operating under four core strategic directions that were both a roadmap and framework for all its activities: Innovation; Partnership and Coordination; Business Development and Entrepreneurship; and Economic Research and Analysis.

Innovation is the catalyst of economic diversity, and has been a top priority for the department for many years. Under the umbrella of Canada's Innovation Strategy, WD is redoubling its efforts to help the West make the transition to the knowledge-based economy. In 2001-02, WD increased the amount of grants and contributions for innovation from 44 per cent to 57.5 per cent. Just over half this funding went to health sciences. By expanding knowledge infrastructure, enhancing technology commercialization and building innovation capacity, we help companies and communities adapt to changing markets and adopt new opportunities.

Partnerships provide the foundation for economic prosperity. WD plays a key role in forging federal provincial partnerships, such as Urban Development Agreements and Western Economic Partnership Agreements (WEPAs) as well as delivering national initiatives such as the Infrastructure Canada program. These contributions help to create sustainable communities that are healthy socially, economically and environmentally.

Entrepreneurship is the engine of economic growth. In 2001-02, WD focused on improving the management and international marketing skills of western businesses, enhancing the adoption of e-commerce, and providing access to capital. WD's Western Canada Business Service Network of over 100 points of service extended the department's reach to urban, rural, northern, francophone and Aboriginal communities.

WD-sponsored research projects enable the department to track trends and predict outcomes, allowing WD to be the voice of the West in Ottawa and the Government of Canada's agent of change in the West. We also mitigate the impact of natural disasters, Canadian Forces base closures and federal program changes.

In the coming year, the department will continue to evolve by further renewing and defining its activities under three core areas: Innovation, Entrepreneurship and Sustainable Communities. By supporting local solutions to local challenges, Western Economic Diversification Canada is helping western Canadians secure their own futures through a diversified, dynamic and sustainable economy.

---

The Honourable Stephen Owen

## **SECTION II. DEPARTMENTAL OVERVIEW**

### **A. MANDATE, ROLES AND RESPONSIBILITIES**

Through the Western Economic Diversification Act of 1988, Western Economic Diversification Canada (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 economic agenda of ensuring Canada's transformation into a knowledge-based economy.

WD promotes an innovative, sustainable, diversified, entrepreneurial and inclusive economy in Western Canada. Programs and services focus on Innovation, Entrepreneurship, Partnerships that build Sustainable Communities, and on research that leads to a better understanding of western issues and by advocating on behalf of Western Canadians.

The department also implements national programs and addresses the economic impacts of natural disasters, base closures and other situations arising from changes in federal policies. Whenever possible, the department carries out these activities through partnerships with provincial and municipal governments and local stakeholders.

Innovation is the future of the West. WD supports the development of the western innovation system by strengthening knowledge infrastructure, leveraging new funding for research and development, and helping to accelerate the rate of technology commercialization.

Entrepreneurship is the spirit of the West. WD promotes business development and entrepreneurship by providing business skills development, offering advisory services, facilitating access to capital and enabling small and medium sized enterprises to hire recent marketing and technology graduates to assist firms to develop and implement international marketing plans and to introduce new technologies.

Partnerships, and the sustainable communities they build, are the strength of the West. Recognizing the value of cooperation and strategic alliances, WD works to strengthen partnerships with governments, industry, universities, and volunteer organizations to build capacity in rural, northern and urban communities.

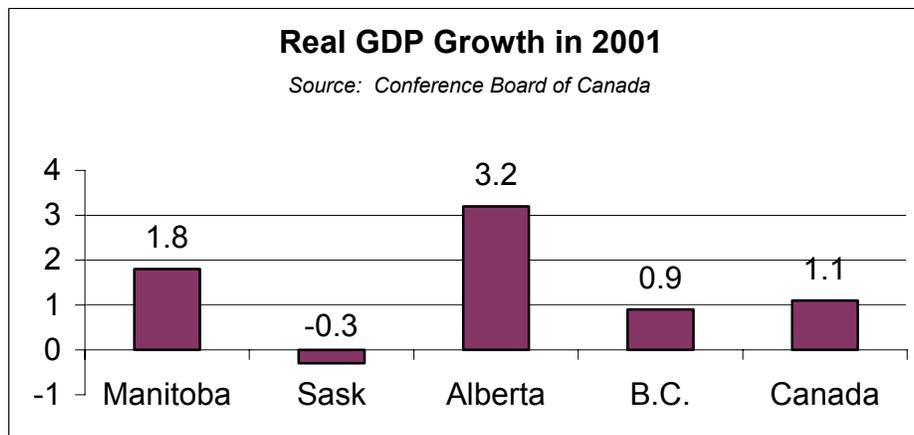
Economic research and advocacy promote the value of the West. WD sponsors economic research projects in critical areas such as medical research, small business growth and development, research infrastructure capacity, urban development challenges, and broad economic and social trends. The results are used to develop policies and programs that

meet western needs and aspirations. The department also undertakes advocacy efforts to ensure western needs are taken into account in national policy decisions.

The Department's Head Office is located in Edmonton, 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. Each of the Western Assistant Deputy Ministers is responsible for the delivery of programs and services in their region, as well as for corporate responsibilities. The Ottawa based Assistant Deputy Minister plays the lead role in the department's advocacy activities.

## **B. ECONOMIC PERFORMANCE OF THE WESTERN PROVINCES IN 2001<sup>1</sup>**

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 made up over 12% of GDP in the West in 2001 compared to less than 3% in the rest of Canada. In economic terms, 2001 clearly demonstrated some of the fundamental challenges facing western provinces, as Saskatchewan and B.C. in particular were hard hit by negative events in key sectors.



### **Manitoba**

Manitoba's well-diversified economy helped buffer the province from the economic shock associated with the events of September 11, 2001, although the economy did slow somewhat as more than 80% of Manitoba's exports are destined for the U.S. Job creation stalled and real GDP growth reached only 1.8%, down from 2.6% the year before.

<sup>1</sup> All economic performance references are derived from information and data provided by the Conference Board of Canada, the Bank of Montreal's Economics Department, the RBC Financial Group Economics Department, and Industry Canada through the Microeconomic Monitor and Strategis data services.

However, consumer spending in Manitoba remained resilient due to healthy employment numbers and a good track record for job creation over the past several years. Retail sales increased by almost 6% in 2001, up from only 4% in 2000. The housing market rebounded from a dismal performance in 2000 as housing starts jumped by 16% and sales of existing homes rose 8%.

Another positive factor in 2001 was farm income as the agricultural sector was less affected by drought and continued to benefit from its diversity. The livestock industry in particular had a good year.

### **Saskatchewan**

Saskatchewan had a difficult year in 2001 as the province's economy constricted in real terms for the first time since 1992. The combined effect of a severe drought in the agriculture sector and a downturn in business investment could not be offset by a good year in the energy sector. In all, real GDP declined by 0.3% while total employment dropped by almost 3%. The year clearly demonstrated the difficulties faced in agriculture as that sector recorded 7,900 net jobs lost.

The effect of the agricultural downturn spread to the service sector as job losses were also recorded in retail trade, transportation, and accommodation and food services. Retail sales grew by only 3% and housing starts declined by 5% as consumers retrenched. As jobs were lost, people either moved to other provinces or withdrew from the labour force resulting in a 2001 unemployment rate of only 5.8% compared to the national rate of 7.2%. The relatively low unemployment rate masks a serious problem in Saskatchewan: the large net outflow of working-age individuals continues at an accelerating pace.

### **Alberta**

Alberta was the only province to record real GDP growth of more than two percent in 2001 as robust domestic consumer demand resulted in real growth of 3.2%. This growth was despite lower energy prices from a year before, and an ensuing reduced rate of oil and gas exploration and development activity. Extensive investment, particularly in northern oil sands projects, helped the economy perform better than expected. Consumer spending remained strong as retail sales grew by almost 10% fueled by healthy job creation statistics, continued strong in-migration, and the country's lowest unemployment rate of 4.6%. Housing starts reflected confident consumer spending patterns, also growing by 10% with Calgary's market growing by over 11%.

### **British Columbia**

British Columbia's economic performance in 2001 typified the economic downturns that face western provinces when prices for natural resources fall due to a slowdown in international economic activity. Renewed weakness in the primary forest sector and a depressed market in the U.S. for value-added forest products and other B.C. exports hurt

the economy. The softwood lumber dispute with the U.S. dealt a severe blow as import duties reached punitive levels resulting in mill closures and community economic hardship similar to that faced by the fishing industry a few years earlier. Real GDP growth did not reach 1% and employment numbers declined.

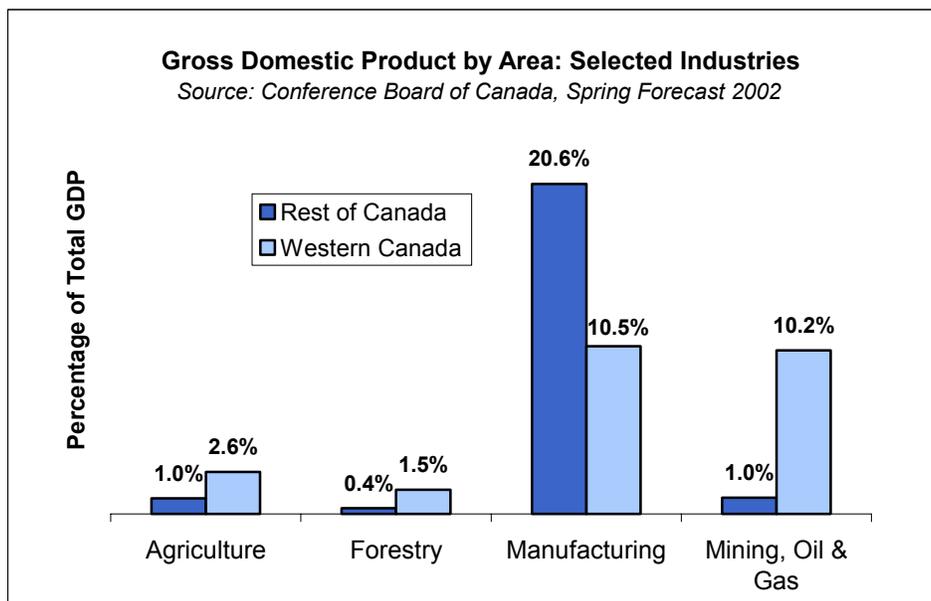
2001 also demonstrated the dual nature of the B.C. economy as the diversified Greater Vancouver Area allowed that region to be far more resilient than the rest of the province. Lower interest rates and declining taxes resulted in consumer spending staying strong in that region, with continued improvement forecast for 2002 as non-resource exports to the U.S. rebound and tourism activity, which slowed after September 11, recovers. Economic recovery for the rest of the province, and especially the northern resource based regions, will remain elusive.

**C. LINKING WD’S CORE ACTIVITIES TO WESTERN NEEDS**

The key to formulating policies and programs that address economic issues in Western Canada is understanding first-hand the fundamental nature of those issues. The department’s core activities involving Innovation, Entrepreneurship, and Partnerships through sustainable communities are designed to address specific western challenges.

**Innovation:** *From Exporting Natural Resources to Innovation through Knowledge*

Despite significant progress toward diversification, the Western Canadian economy remains highly dependent on natural resources compared to the rest of the country.



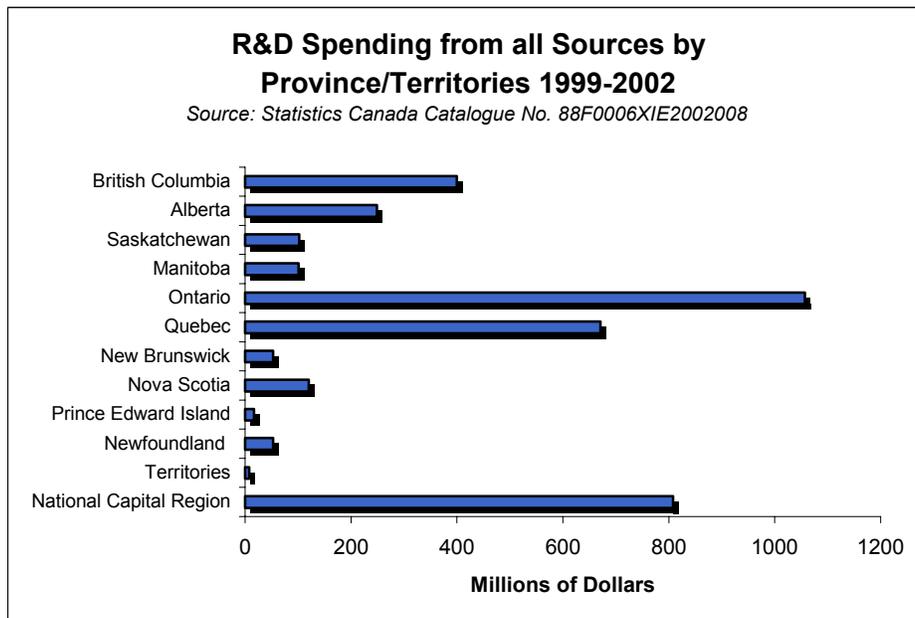
The relative prosperity of Western Canada relies in large measure on exporting this natural resource production to other parts of the world. The economic performance of many service and downstream processing industries, along with the business and retail

activities of many communities and rural areas, is closely linked to the major natural resource sectors in the West. The mining, forestry and farming industries, 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 is 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.

One good indicator of innovation is the amount of research and development activity undertaken. The government is committed to increasing investments in innovation and research in all regions of the country to move Canada from its current ranking of 14th among the Organization of Economic Cooperation and Development (OECD) nations to the top five in research and development performance by at least doubling federal expenditures on R&D. Canada's innovation strategy provides additional commitments to improve national innovation performance.

WD is working to increase the amount of R&D undertaken and improve the regional systems of innovation in the West. It funds the demonstration of new technologies in telehealth, the environment, and medicine. It supports innovation centres and

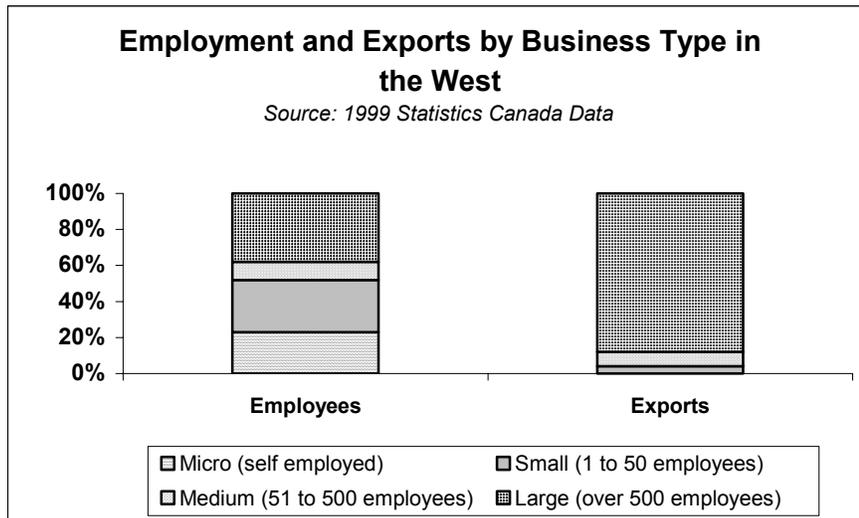


university technology commercialization offices. And WD has established loan funds with private sector lenders, which are targeted at developing and commercializing new technologies.

**Entrepreneurship: *The Key to Growth and Employment***

Small business is another key to western economic development and diversification. Small and micro businesses account for about 50% of all jobs in Western Canada, which is about 5% 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.

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 labour, 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.



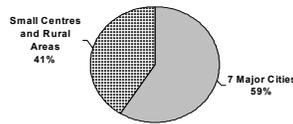
**Partnerships: *Building a Sustainable Future for Western Canada***

The spirit of cooperation built the West and its communities and shaped the lives of Westerners. Today, cooperation at the local and regional level is the basis to a sustainable future. WD’s partnerships are designed to respond to specific challenges in urban centres, and in rural and northern communities.

The increasing movement of people to the seven major urban centres in Western Canada poses one challenge that is being addressed through partnership. Between 1966 and 1996, cities accounted for 87.6% of all population growth in Western Canada<sup>2</sup> compared to 41.4% in the rest of Canada.

<sup>2</sup> Canada West Foundation; Cities @ 2000 – Canada’s Urban Landscape.

MOST OF THE 9 MILLION WESTERNERS  
LIVE IN MAJOR CITIES:  
Winnipeg, Regina, Saskatoon, Edmonton, Calgary,  
Vancouver, Victoria  
Source: Conference Board 2002 Forecast



Three of the four fastest growing cities in Canada during that period were in the West<sup>3</sup>. Much of that growth is due to immigration and to the high birth rates among the Aboriginal population.

WD has been successful in bringing together government, industry and community partners to address urban and community development issues and in establishing multi-party agreements such as the Winnipeg Development Agreement, the Vancouver Agreement and the Edmonton and Regina Competitiveness strategies.

The rural West is facing its own set of economic challenges, including a declining and aging population base, and heavy reliance on primary resources. 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. As well, many small communities that are dependent on a single industry face hardships when that industry has to adjust to international economic realities. WD's partnerships with the Community Futures Development Corporations are instrumental in sustaining and building rural communities and in delivering adjustment measures. For example, in the late 1990s, the Pacific Salmon Fishery Community Economic Adjustment Agreement was initiated to assist in coastal B.C. towns to adjust to the fall in the salmon stocks.

The West's northern region is an area of two divides. On one hand there are a small number of "urban" industrial communities (e.g. Thompson, Fort McMurray) which derive their economic base from the major resource extraction activities of mining, forestry, hydro-electric power, and oil and gas. These "developed" communities tend to have relatively large populations, a large private and public sector presence, relatively good transportation links, high per capita incomes, lower unemployment rates and a dominant wage economy. The remaining communities tend to be relatively "under-developed" and to a large extent Aboriginal. Unlike the "urban communities", these communities tend to have a smaller, but rapidly growing, population base, high levels of poverty and unemployment, a lack of adequate housing and other infrastructure, significant social problems, limited private sector opportunities and a greater reliance on non-wage economic activities.

The population of Aboriginal people is expected to grow by 52% between 1991 and 2016<sup>4</sup>. Aboriginal people are moving to urban centres in record numbers in search of

<sup>3</sup> Between 1966 to 1996: Oshawa (168.1%); Calgary (148.5%); Edmonton (115.0%); Vancouver (105.3%).

economic opportunities, and this poses challenges for economic and social policy. On average, Aboriginal peoples experience a lower labour force participation rate, earn lower incomes and have a higher dependency on social assistance than non-Aboriginal Canadians<sup>5</sup>. 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.

#### **D. DELIVERING ON GOVERNMENT PRIORITIES IN WESTERN CANADA**

In *Canada's Performance 2001* the President of Treasury Board presented a series of societal indicators that are directly linked to the themes from the 2001 Speech from the Throne. These include: economic opportunities and innovation; the health of Canadians; the Canadian environment; and the strength of Canadian communities.

As a member of the Industry Portfolio, WD is dedicated to delivering the national economic agenda in Western Canada. This means working closely with other departments and other national, provincial, and local partners to build a dynamic economy and help Western Canada make the transition to the knowledge based economy.

At the forefront of those efforts is WD's work on innovation. The department has succeeded in developing, with industry and university partners, a network of western universities that is dedicated to commercializing university research. WD is also working with industry to develop leading edge, knowledge based industry capacity in new economy areas such as tele-health, biotechnology, ocean industries, fuel cells, and advanced industrial materials.

Another essential part of WD's mandate is to work with small business in urban and rural areas to ensure the small and medium sized enterprise (SME) community achieves its greatest potential for job creation and helping to sustain the western economy. WD's western-wide service delivery network ensures that all small businesses in all geographic areas have access to the information and assistance they need to start and to prosper. WD pays special attention to groups that have unique needs in meeting business start up challenges including: women entrepreneurs, disabled people, francophones, and Aboriginal peoples. WD not only helps small business owners get the advice and capital they need to start a business - the department also ensures they can access skilled professionals that can help their businesses become more innovative and enable them to penetrate international markets. Through the First Jobs in Science and Technology and the International Trade Personnel Programs, WD provides assistance to SMEs to hire bright, young post secondary graduates who would otherwise opt for higher paying jobs in larger businesses or outside of Western Canada.

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

<sup>5</sup> The Government of Canada Report of the Royal Commission on Aboriginal Peoples, November 1996

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 increasingly important 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 is sponsoring research regarding economic priorities in urban centres.

WD also provides support to communities by working with provincial and municipal governments to implement the Infrastructure Canada Program in Western Canada. 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 (Section III (G)) contains three objectives that contribute to the priorities of clean air, clean water, and the conservation of Canada's natural spaces.

### SECTION III: PERFORMANCE

#### LINK TO RESOURCES

For 2001-2002 Western Economic Diversification Expenditures by Strategic Outcomes were as follows:

#### 2001-2002 Grants & Contributions Expenditures By Strategic Outcome (\$ millions)

STRATEGIC OUTCOME	EXPENDITURES	PERCENTAGE
Innovation		
- Grants	10.0	
- Contributions	23.3	
<b>Sub-total Innovation</b>	33.3	16.5%
Business Development and Entrepreneurship		
- Non-statutory	78.5	
- Statutory	23.7	
<b>Sub-total Business Development &amp; Entrepreneurship</b>	102.2	50.7%
<b>Partnerships</b>	27.4	13.6%
<b>Economic Research &amp; Analysis</b>	1.0	0.5%
<b>National Programs</b>	37.8	18.7%
<b>Total</b>	<b>\$201.7</b>	<b>100.0%</b>

The department recognizes that knowledge and innovation give economies their competitive edge in the global marketplace. This is particularly true in the West, where the economies are so dependent on international markets. WD has made a number of significant adjustments in its strategic direction to reflect the importance of developing the new economy. In future years the expenditure pattern will change as the project approval pattern during 2001-02 shifted toward Innovation projects.

Approvals during 2001-02 by strategic outcome and activity category were:

#### Grants and Contributions Approvals By Strategic Outcome (in \$ millions) April 1, 2001 to March 31, 2002

Strategic Outcome	Approvals	Percentage
Innovation	63.5	57.5
Business Development and Entrepreneurship	22.0	19.9
Partnerships	23.4	21.2
Economic Research & Analysis	1.5	1.4
<b>Total</b>	<b>110.4</b>	<b>100.0</b>

## A. INNOVATION

Objective/Key Commitment:

**To strengthen the Western Canadian innovation system.**

### 1. Background

Western Economic Diversification Canada, from inception, has made investments in innovation. Through the Western Diversification Program (WDP), investments were made in new products and new technologies, as well as enhancing the productivity of an industry. Sector wide investments focused on new economy sectors such as environmental industries, medical technologies, telecommunications, and aerospace. Through the Western Economic Partnership Agreements (WEPA), substantial funding has been directed to supporting knowledge infrastructure, technology commercialization, technology demonstrations, innovation centres, studies that examine gaps in early stage financing, and industry productivity through the adoption of new technologies. From 1988 to 1999, WD invested \$445 million in 2,590 innovation projects, that levered approximately \$2.3 billion in collateral financing and created an estimated 22,000 jobs.<sup>6</sup>

### 2. WD's Innovation Strategy

In the past year, WD focused on strengthening the Western Canadian innovation system, with an emphasis on supporting the identification and growth of “clusters” in key sectors of the western economy. Clusters are innovation systems focused on a specific technology sector, are world competitive and attract resources to the area. Since innovation occurs at a regional level, WD has formed numerous partnerships with provincial governments, universities, communities and other organizations to identify gaps in the innovation system, and to address the innovation challenges facing Western Canada. Innovation is not a linear process, but occurs best in an environment where a number of factors are present:

- Knowledge infrastructure (universities, research facilities) that yields 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, intergovernmental forums);
- 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.

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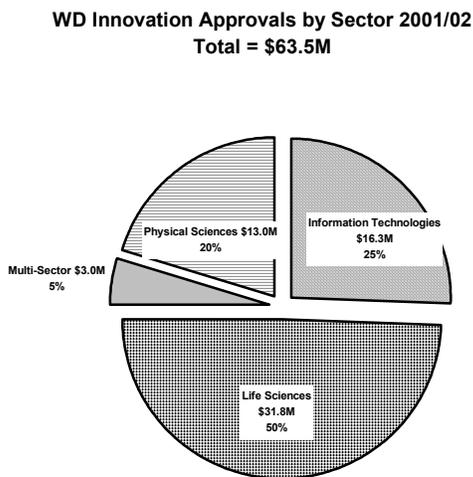
<sup>6</sup> Source: WD's project data base.

Many of WD's investments in innovation have set the stage for the growth of emerging clusters. For example, WD's early investment in fuel cells positioned the industry for subsequent National Research Council investment. WD's original investment in WestLink's Technology Commercialization Internship Program has set the stage for Natural Science and Engineering Research Council's national internship program. WD's investment in the New Media Innovation Centre, NewMIC, in Vancouver, has leveraged research partnerships and funding from major industry players such as Sony, Nortel, Telus, Electronic Arts, Sierra Wireless and IBM. Similarly, WD worked with Dr. Henry Friesen and the Canada West Health Innovation Council to identify opportunities in health research and new technology, to contain costs, identify new revenue sources, and, to look at health expenditures as an economic driver rather than simply a cost centre.

### 3.1 Outcomes Achieved

In fiscal year (FY) 2001-02 WD approved \$63.5 million to innovation projects. The following graphs demonstrate the sectors, activities and leveraging attained through WD-sponsored innovation projects.

#### Innovation Approvals by Sector



WD's innovation strategy focuses on emerging strengths for Western Canada. These include:

Life Sciences – biotechnology, proteomics, and health technologies

Information Technology – new media, tele-health, geomatics;

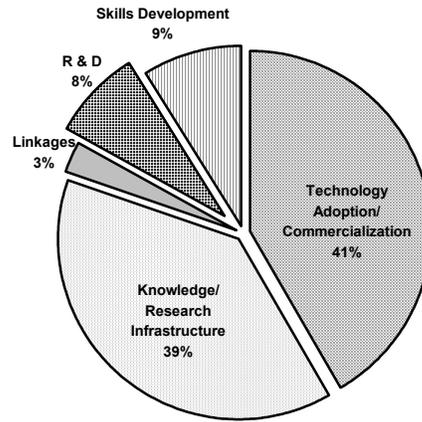
Physical sciences – fuel cells, design engineering, climate change technologies synchrotron and micro-technologies.

Multi-sector – refers to projects that affect more than one sector.

## Innovation Approvals by Activities

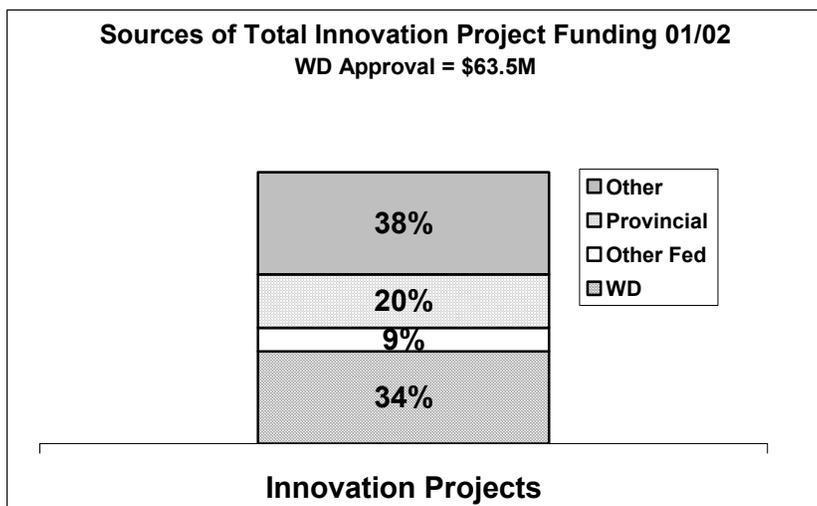
WD Innovation Approvals by Activity 2001-02 (Total = \$63.5M)

WD investments are made to strengthen both the individual elements of the western innovation system and the linkages among the elements. Currently, the majority of WD investments are being made to strategic infrastructure, which is establishing the foundation for technology clusters, and the commercialization of technologies. This pie chart demonstrates the relative weighting of investment in this fiscal year.



## Leverage

Since WD works closely with provincial governments, other federal departments, universities, associations and others, the ability to leverage the resources of these partners to meet common objectives is crucial. The following bar graph demonstrates that WD's FY 2001-02 innovation project approvals have leveraged an additional \$122.3 million. WD's share is approximately 34%.



### 3.2 Outcomes Achieved

WD's approach addresses the innovation challenges identified in *Achieving Excellence – Canada's Innovation Strategy*. The following sections identify WD's innovation objectives and provide examples of projects in which WD played a key role.

#### Objective A:

##### Improving knowledge infrastructure and capacity

WD has taken a multi-faceted approach to improving knowledge infrastructure and capacity by investing in cluster planning studies, key knowledge infrastructure and in facilitating access to federal science and technology infrastructure programs.

WD is supporting efforts in urban centres throughout the West, including Edmonton, Calgary, Regina and Winnipeg to undertake cluster strategies, which build upon the 1996 – “*Building Bridges – Cluster Based Economic Development for Western Canada*.” Several smaller western communities plan to undertake similar planning studies.

WD is a partner in the development of the “Greater Edmonton Competitiveness Strategy.” The diagnostic stage identified eight economic clusters (example: Advanced Manufacturing and Biomedicine/Biotechnology) that would form the basis for future economic development and growth for the greater Edmonton region. Private sector led teams are currently developing specific strategies and opportunities within each cluster. (See <http://www.ede.org/clusters/>).

WD has made strategic investments in key technology infrastructure, leading to new cluster development in the West. Examples include investments in life sciences

(Proteomics, “filmless radiology” Intranet), information technology (new media, geomatics, telehealth), climate change technologies (greenhouse gas sequestration and waste management co-composting), and platform technologies such as fuel cells, synchrotron technologies and convergence technologies such as bio-informatics.

To increase western participation in federal programs that support infrastructure, WD's Canada Foundation for Innovation – Support Program (CFI - SP) assists western institutions in making applications to the Canada Foundation for Innovation. WD's support of \$593,000 has directly contributed to \$32 million in CFI awards to western universities and institutions. In addition, a CFI-SP project resulted in a national award of \$20 million to national libraries.

Two major WD innovation investments are:

- The Canadian Light Source (CLS), at \$173.5 million is Canada's largest research and development facility. WD has contributed approximately \$25 million to the capital costs of the project and other related initiatives. Located on the campus of the University of Saskatchewan in Saskatoon, the CLS will be Canada's sole source of synchrotron light, high intensity infrared, ultraviolet and x-ray radiation that is an advanced materials research tool. The CLS will serve industrial and

academic users throughout Canada and will focus on research in four key areas: biotechnology, biopharmaceuticals and medicine; mining, natural resources and the environment; advanced materials and manufacturing; and, telecommunications and information technology. Initiatives are underway to maximize western participation in CLS. The Alberta Synchrotron Institute, a multi-level government partnership with Alberta universities will ensure Alberta academics and industry scientists use of CLS and the province can share in the economic benefits CLS will provide to Western Canada. In Saskatchewan, efforts are underway to maximize the participation of local firms in the supply of goods and services to the CLS. WD is both an advocate and funding partner for the CLS.

- The Manitoba Virtual Reality Research and Innovation Centre builds on the success of advanced computer aided design (CAD) and computer aided engineering (CAE) tools at the Industrial Technology Centre (ITC). The Manitoba Virtual Reality Research and Innovation Centre will give Manitoba industry a competitive edge through the use of visualization technology to improve product design at lower costs and will give engineers the ability to design, test and simulate in an interactive 3D environment. The ITC will team up with Silicon Graphics - the global supplier of high-performance interactive computing systems - to establish the Centre. Silicon Graphics will provide the technical expertise and the Centre's super computer system. WD and the Province of Manitoba each invested \$750,000 and the Industrial Technology Centre provided \$500,000 for this facility.

**Objective B:**

**Enhancing the capacity of firms to develop and adopt new technology**

Many of WD's investments promote the commercialization of technology. Support has been provided to organizations that directly commercialize technology such as the Technology Commercialization Offices at Alberta's major universities. WD supports InnoCentre Alberta and other Innovation Centres that foster technological innovation and stimulate the commercialization of technology among small and medium sized technology enterprises.

WD places a priority on encouraging collaboration on innovation initiatives. WD is a founding sponsor of the WestLink Innovation Network, a not-for-profit organization that facilitates

The West Link Technology Commercialization Internship Program (TCIP) is focused on developing technology commercialization and management skills in Western Canada. Twenty interns, with a background in science and business, are receiving intensive training and networking. A two-year internship, with three 8-month placements, provides experience in university technology commercialization offices, start-up technology firms, and venture capital firms. WD, provincial governments and other agencies are funding partners of TCIP.

communication, collaboration, and technology development and commercialization among 13 Western Canadian Universities, 3 Networks of Centres of Excellence and their affiliated research institutions. WestLink helps members address common technology transfer issues, develop their skills and develop linkages to partner researchers, and to address strategic 'gaps' through innovative, collaborative programs and services. (See [www.westlink.ca](http://www.westlink.ca))

WD is the federal partner in TRLabs, Canada's largest not-for-profit applied telecommunications research consortium, with laboratories in Edmonton, Calgary, Regina, Saskatoon and Winnipeg. TRLabs is doing pre-competitive research in network systems, network access, fibre optics and photonics, data networking and wireless communications. TRLabs provides an environment where highly capable faculty and students develop their abilities and then transfer their skills, knowledge and ideas to new endeavours. Through WD's support to TRLabs, small business associates have access to skilled labour and pre-competitive research in the telecommunications sector.

Through the Western Canadian Business Service Network with over 100 points of service, WD offers business counselling and targeted support programs to SMEs to enhance the capacity of firms to develop and adopt new technologies. These programs and services include:

- Loan/Investment Funds, such as the Information and Communication Technology Fund. (See Access to Capital – Section III).
- WD sponsors a Technology Investment Program for western SMEs to assist in the decision as to whether to develop a technology for commercialization. During the pilot phase, 137 western firms obtained an independent assessment of their technology through the Canada Innovation Centre (CIC) providing the needed information for more informed decisions.
- The First Jobs in Science and Technology (FJST) program is targeted at providing technology skills for SMEs (to perform technology adoption projects aimed at increasing productivity) and valuable work experience for new graduates. Since 1997, this program has resulted in over 735 technology jobs throughout Western Canada.

#### Objective C:

**To assist rural Western Canada in facing challenges due to reliance on resource based economy and service economy**

The Innovation and Community Investment Program (ICIP) was launched in 2001 to address innovation and community issues in Western Canada including improved innovation infrastructure and linkages in sectors of strategic importance to the West; enhanced technology commercialization; enhanced the capacity of firms to develop and adopt new technologies; and, assisted communities to adapt to the new knowledge-based economy.

This is WD's main mechanism for addressing rural innovation issues. Some examples in rural Western Canada include support to Economic Development Brandon to develop an Economic Development (Cluster) Strategy for that community, and support to the South Fraser CFDC, in partnership with the University College of South Fraser Valley to establish an Innovation and Technology Centre. This Centre will focus on agriculture and aerospace and on enhancing technology commercialization and adoption.

**Objective D:**

**Enhancing coordination and alignment of innovation priorities and strategies  
between federal, provincial and other innovation players**

WD has brought together two groups, to explore issues of importance to Western Canada:

1. The Deputy Minister of Western Economic Diversification Canada chairs a forum of western provincial economic development deputies to share information and explore policy issues such as access to early stage capital for technology firms, spending on research and development, and clusters.
2. The Senior Officials Forum on Innovation consists of membership at the Assistant Deputy Minister level or equivalent, of WD, National Research Council, Industry Canada and the provincial/territorial governments of Manitoba, Saskatchewan, Alberta, British Columbia, Northwest Territories and the Yukon. Senior Officials have identified a number of joint priorities including:
  1. Technology Commercialization / Incubation / Early Stage Capital / Patient Capital
  2. Skilled workforce
  3. Science & Technology infrastructure and medical / health infrastructure in Western Canada enhancing capacity and linkages
  4. R&D Funding
  5. E - commerce services for western firms
  6. Sectors including Fuel Cells, Genomics / Proteomics, Health industries / Telehealth, New Media, and Microsystems (nanotechnology)

**4. Lessons learned - Looking toward the future**

As WD continues its work of strengthening the western innovation system, new challenges and areas of priority will arise. These may include assistance to rural and northern communities in facing challenges due to reliance on resource based and service economy, strengthening linkages between institutions and industry, addressing skilled workforce issues, facilitating early stage investment for technology firms, promoting an innovative economy and opportunities in sectors such as health.

As the nationwide discussion process unfolds for the Federal Innovation Strategy "*Achieving Excellence*", WD may need to revise its Innovation Strategy to reflect the priorities identified from stakeholders.

## **B. PARTNERSHIP AND COORDINATION**

**Objective/Key Commitment:**

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

### **1. Background**

Consistent with WD's mandate to take a leadership role in forging partnerships with western governments and advocating on behalf of Westerners within the federal government, WD leads and coordinates efforts and partners with other governments and the private sector to address issues that are horizontal in nature and that have been identified as federal priorities.

### **2. Outcomes Achieved**

**Objective A:**

**Improved intergovernmental relations through joint planning, priority setting and cooperation**

A November 2001 CROP-Enviro-nics poll confirmed that Westerners believe that more federal-provincial cooperation is required to enhance the effectiveness of the federal structure.

In the past year, the Deputy Ministers (DM) Forum, consisting of deputy ministers from each of the western provinces and chaired by WD's Deputy Minister, along with its working groups worked on developing a shared action plan to address priorities identified by WD and all four provinces. The purpose of the DM Forum is to provide for effective federal-provincial collaboration on economic development issues, policies, and programs in Western Canada and, where feasible, to develop ways and means of jointly advancing the interests of the five jurisdictions involved. The Forum also provides WD with an "early warning system" regarding possible provincial concerns and gives all governments the opportunity to share "best practices" and "lessons learned" on a broad range of economic development policies and programs.

During 2001-02, 17 areas of mutual interest were identified (listed below) and specific work plans were agreed upon to address each of the areas.

<b>Innovation/Research</b> (into the new economy)	<b>International business development</b> (International trade, foreign direct investment, business immigration)	<b>Aboriginal/Northern development</b>
<b>Supportive business environment</b> (Infrastructure, Access to capital, Skills development)	<b>Business development</b> (SME, Community economic development, tourism)	<b>Industrial development/Resource sectors</b>
		<b>Advocacy</b> (leadership, economic diversification)

**Objective B:**

**Improve federal sensitivity to western needs and concerns**

The department actively engages Westerners in consultations to identify needs and priorities and to forge partnerships with western stakeholders. This activity is part of WD’s efforts to build a strong intelligence gathering capacity that allows the department to anticipate emerging issues, communicate these clearly to other federal agencies and plan effective responses.

The department’s network includes business associations, voluntary organizations and other interests that provide insights into the regional dynamic. The Western Canada Business Service Network includes 90 Community Futures Development Corporations, four Women’s Enterprise Initiative organizations, Canada Business Service Centres and four Francophone Economic Development Organizations, all of which are managed by locally based volunteer boards. In addition, Business Advisory Councils have been established in each of the four western provinces to provide the Secretary of State and other ministers with advice and information regarding economic and business development issues and opportunities.

**Objective C:**

**Coordinate efforts to address federal priorities**

WD works closely with each of the four Senior Federal Officials’ Councils in the West to coordinate federal efforts and to address federal horizontal priorities. In both Manitoba and Saskatchewan, WD chairs the Councils and in 2002 the department coordinated the implementation of the federal Urban Aboriginal Strategy in those provinces (See Appendix B). WD is also actively involved in the delivery of other federal horizontal initiatives, including the Homelessness Agenda and the Regional Partnering Strategy, across Western Canada.

In Vancouver, WD has initiated a tripartite agreement among the federal, provincial, and local governments to work with the community and businesses in support of sustainable socio-economic development and, in particular, in revitalizing Vancouver’s Downtown

Eastside (DTES) (Appendix A). Each party has agreed to use funding available from existing federal, provincial and municipal programs to finance projects and programs, and to strategically focus a portion of those expenditures on agreed activities. For example, during 2001-02, WD provided \$350,000 for economic planning to help business development and another \$1million through the Canada – B.C. Western Economic Partnership Agreement for initiatives that contribute to the DTES' economic development and diversification.

WD is also working with central agencies, the Department of Indian Affairs and Northern Development and others to identify a renewed approach to Aboriginal economic development in Western Canada. WD's activities have focused on facilitating a coordinated approach among federal players and other partners, including the implementation of the Regional Partnering Strategy in the Alberta, Saskatchewan and Manitoba (See Appendix C).

#### **Objective D:**

**Enhance economic development/sustainable growth by coordinating efforts to address issues facing urban cities, northern communities and communities in transition.**

The Western Economic Partnership Agreements (WEPAs) are joint federal/provincial initiatives aimed at promoting economic development in the four western provinces. Projects were approved up until March 31, 2002, under each \$40 million agreement between WD and each western province. The total federal and provincial contribution to the cost-shared WEPA agreements was \$160 million over a period of five years.

An evaluation of the four agreements is currently underway and preliminary findings suggest that:

- WEPA continues to be relevant in meeting federal and provincial economic development goals.
- Effectiveness has been achieved through low administrative costs.
- Survey results have demonstrated that there is a high level of client satisfaction with the overall implementation of the WEPA program.
- WEPAs in each province have effectively leveraged additional financial resources from the private sector and from other government resources. WEPAs have already leveraged \$458 million in private sector investment.
- Project proponents forecast a significant level of private sector investment in their projects in the future.
- To date, an estimated 120 new businesses have been started from WEPA funded projects. It is estimated that, over all, in five years time, a total of 586 new businesses will have started because of WEPAs.
- Nearly \$500 million of capital has been invested in buildings and equipment and projects have created over 1,300 fulltime jobs.

- WEPA funding has been instrumental in advancing projects that would not have otherwise moved forward and it has sped the progress of numerous economic and community development projects in Western Canada.

### Selected WEPA Projects

<p><b>MANITOBA</b></p> <p><b>Maison du Bourgeois at Fort Gibraltar:</b> Winnipeg's Festival du Voyageur received \$600,000 in funding from the Canada-Manitoba WEPA to construct La Maison du Bourgeois, a multi-purpose reception and interpretive centre in the association's Fort Gibraltar facility in St-Boniface.</p>	<p><b>Impact:</b> The facility, which was officially opened in autumn 2001, has transformed the Festival du Voyageur from a seasonal to a year-round operation offering banquet and meeting space, along with education and interpretation of the voyageur era of Manitoba's history.</p>
<p><b>SASKATCHEWAN</b></p> <p><b>Petroleum Technology Research Centre:</b> The \$11 million, Regina-based Petroleum Technology Research Centre (PTRC) employs 50 scientists and graduate students. The centre received \$6 million in capital funding under the Canada-Saskatchewan WEPA.</p>	<p><b>Impact:</b> The best opportunities for greater production from Saskatchewan's mature oil and gas industry lie in optimizing the extraction of known reserves through improved technology. The Petroleum Technology Research Centre positions Saskatchewan and the West as a leader in technologies to enhance future recovery through environmentally and economically sustainable methods.</p>
<p><b>ALBERTA</b></p> <p><b>Aboriginal Apprenticeship Project:</b> Over the past year, WD, the Alberta government's Aboriginal Apprenticeship Committee and the Aboriginal Human Resource Development Council of Canada have supported a five-year initiative that has two goals: increase Aboriginal youth entry into the trades and to enhance their chances for successfully completing the apprenticeship.</p>	<p><b>Impact:</b> An average of 45 Aboriginal people per year will be registered in apprenticeship programs during the five-year term of the project for a total of 180 participants. The total cost of the project equals \$18.5 million<sup>7</sup>; WD will contribute a total of one million dollars over the life of the project.</p>
<p><b>BRITISH COLUMBIA</b></p> <p><b>NewMIC:</b> The New Media Innovation Centre stimulates and supports the development and growth of the new media sector in Western Canada. NewMIC is assembling a critical mass of scientific and technological expertise among scientists, industry and other stakeholders. Partners include WD, British Columbia, three BC universities, TechBC, TRILabs, Advanced Systems Institute and industry (Electronic Arts, Telus, Xerox, IBM, Sierra Wireless and Nortel). To date, NewMIC has secured over \$17 million in commitments from industry, governments, and universities towards its \$29 million business plan.</p>	<p><b>Impact:</b> The new media sector presently employs in excess of 3,000 in Western Canada with the potential to expand by 50% over the next two years with revenues of over \$1 billion. This project demonstrates the value of bringing together academic and industry resources to develop needed critical mass in research capability and commercialization.</p>

<sup>7</sup> Alberta industry and Aboriginal groups contributions (\$12 million); Alberta government contributions (\$2.8 million); Other federal government/organizations contributions (\$2.8 million)

During 2001-02, discussions continued on the negotiation and development of new Western Economic Partnership Agreements based on shared federal provincial framework visions. Implementation of previously approved WEPA projects and expenditures will continue over the next two fiscal years.

### **3. Lessons Learned**

WD recognizes that it is essential to maintain and enhance its working relationships with its partners – the western provincial governments, municipal governments, community organizations, the private sector and other stakeholders - to reduce overlap and duplication, to lever additional resources to address issues that are important to the West and to connect Westerners to the federal government.

## C. BUSINESS DEVELOPMENT AND ENTREPRENEURSHIP

Objective/Key Commitment:

**To strengthen and expand the business sector in Western Canada.**

### 1. Background

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 50% of all jobs in Western Canada, which is about 5% higher than for the rest of Canada.

In order to remain competitive and penetrate new domestic, foreign and government markets, SMEs need business and management services, access to capital, information on exporting, assistance selling to government and a solid understanding of e-business. WD accomplishes this through value-added skills development (seminars and workshops) counselling (assessments and business plan reviews), programming support for international marketing (International Trade Personnel Program<sup>8</sup>), as well as programs designed to enhance access to capital for existing and new entrepreneurs.

WD addresses the needs of SMEs and entrepreneurs through a variety of service delivery mechanisms and partnerships. These include more than 100 offices of the Western Canada Business Service Network (WCBSN) including Community Futures Development Corporations (CFDCs), Women's Enterprise Initiatives (WEIs), Francophone Economic Development Organizations (FEDOs), and the Canada Business Services Centres (CBSCs).

In addition, WD's client service officers provide specialized counselling and training opportunities to western businesses. These include the provision of information and services on exporting, business start-ups, financing and e-commerce. Where appropriate, clients are also referred to WD's network partners, financial institution partners and other governmental organizations for assistance. As well, WD partners with Aboriginal economic development organizations and financial institutions to provide services to Aboriginal entrepreneurs in the West. Where appropriate, WD's programs and services for SMEs are delivered on-line.

WD's network of service delivery partners provides the federal government with important linkages to Western Canadians in both urban and rural communities and ensures the involvement of key community stakeholders who can identify local community priorities and opportunities. Contacts in rural communities in particular assist WD and its federal partners to work together with communities to promote improved planning and greater coordination of programs and services that respond to community

<sup>8</sup> For more information, visit <http://www.wd.gc.ca/eng/finance/programs/xitpp.html>

economic and social development needs. Volunteer boards of directors drawn from the communities they serve operate CFDCs, WEIs, and FEDOs. WD provides operating assistance to these organizations to help them provide local solutions to community challenges.

A focus on inclusiveness ensures that WD's policies and programs respond not only to new opportunities, but also address barriers that exist for many Western Canadians that prevent them from fully participating in the economic activity of the nation. In recognition of the growing interconnection between economic and social development issues, WD also works in partnership with governments and other stakeholders to address broader socio-economic and cultural issues that prevent full participation in the economy by groups with unique needs. Through these partnerships, WD provides citizen-centred service delivery to meet the needs of western entrepreneurs including rural, women, youth, Francophone and Aboriginal as well as entrepreneurs with disabilities.

## 2. Outcomes Achieved

### Objective A:

#### Improved business management capabilities of SMEs

In April 2001, WD expanded the Western Canada Business Service Network to include Western Canada's Francophone communities through the inclusion of 4 Francophone Economic Development Organizations. In addition, WD continues to support business information services for Aboriginal clients through the Aboriginal Business Service Network, which provides community-based Aboriginal economic development officers with the information and business tools they need to assist their clients.

#### Outcomes

- 90 CFDCs in the West provided 479,471 general information services, 127,260 in depth technical advisory services, and 58,147 training services. This includes 41,212 information services, 7,515 technical advisory services, and 2,330 training services to Aboriginal clients.
- WEI responded to 23,285 business information inquiries, provided 7387 business advisory appointments, and provided 5,709 clients with training services.
- FEDOs provided 7,104 information services, 1,438 technical advisory services, and 613 training services.
- The four western CBSCs facilitated 209,610 officer-assisted interactions (telephone, walk-in, fax, mail, e-mail), 34,643 self-service interactions (fax-on-demand and automated telephone - excludes web site visits), and 1,207,460 CBSC web site visits. Please see the national CBSC web site at [www.cbsc.org](http://www.cbsc.org).
- The members of the WCBSN held or participated in over 3,100 marketing events and trade shows during the year.

In addition, WD's client service officers provide targeted business services and training opportunities to SMEs.

A Client Satisfaction Survey was undertaken by WD in February 2002. The results indicate that 75% of the clients surveyed were satisfied or very satisfied with WD. Some 81% of the clients stated they had multiple contacts with WD. Since so many clients turn to WD repeatedly strongly suggests that they find WD's services to be useful to their businesses. Clients also provided high ratings for: the courtesy of personnel (93%), respect of the confidentiality of the information (92%), helpfulness of the staff (82%), waiting time at the office (87%), and clarity of the information provided (77%).

## **Outcomes**

### **Results**

- 19,807 business inquiries lasting less than 30 minutes.
- 76% of WD clients surveyed were satisfied or very satisfied with the speed of service provided<sup>9</sup>.
- 6,521 clients received business management services:
- 141 applications were reviewed for funding under the First Jobs in Science and Technology program.
- 568 clients participated in 39 financing seminars.
- 2,949 clients participated in 178 business management seminars on e-business and business planning.
- 2,863 clients received one-on-one counselling services on business management.

WD and the private sector launched a project to help entrepreneurs in the craft and creative arts market sustain and grow their businesses by assisting them to prepare for and attend trade shows. WD also provided support to young entrepreneurs by hosting the Canada Wide Science Fair, which is an international science fair that provided an opportunity for the 400 award-winning projects to be showcased as examples of the innovation and creativity of Canada's youth.

### **Objective B:**

#### **Improved Access to Capital**

Various studies have shown that "access" to capital is often more of a barrier than the cost of capital for SMEs. In response, since June 1995, WD has developed two types of SME loan programs: one involving developmental loans delivered by CFDCs, Women's Enterprise Initiative organizations and Francophone Economic Development Offices and the other involving a variety of pan-western, sector-oriented (e.g. agricultural value-added and knowledge-based industry) loan fund agreements with chartered banks and federal Crown corporations.

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<sup>9</sup> See Appendix V: WD Client Satisfaction Survey 2002

WD also has leveraged provincially and locally targeted loan funds with Community Futures Development Corporations in BC as well as capital providers, such as the Working Opportunity Fund, Columbia Basin Trust, Insurance Corporation of BC, VanCity Savings Credit Union, VanCity Capital Corporation and Ecotrust Canada. In addition, urban micro-loan funds, entrepreneurs with disabilities funds and Francophone loan funds have been established with the following financial institutions: VanCity, Assiniboine Credit Union, Page Credit Union, Saskatoon Credit Union, Coast Capital Credit Union, Capital City Credit Union, Beaumont Credit Union, the First Nations Bank of Canada and the Business Development Bank of Canada.

These funds are all designed to provide “patient debt capital” for companies that are unable to secure regular financing due to a lack of hard assets for collateral, a lack of resources and experience in preparing a business case, the early stage of the company, and/or a lack of familiarity of capital providers with the industry sector.

The financial institutions, using their own capital, authorize and issue loans. WD contributes to a “loan loss reserve” equal to between 10% and 20% of the value of loans issued. This reserve may be used to offset a portion (up to 80%) of net losses on defaulted loans but not exceeding WD’s total contribution to the reserve.

The pan-western sector-oriented funds offer loans up to \$1 million (the average loan size is \$340,000) to small and medium-sized enterprises (SME). The “micro-loan” and other smaller loan funds provide loans averaging \$14,000 to very small and start-up businesses in most of the large cities in Western Canada.

Western Economic Diversification Canada has committed up to \$43 million in repayable contributions to loan loss reserves to support these loan fund agreements. This commitment will leverage up to \$275 million directly from capital providers for loans to SMEs.

From the beginning of the program until March 2002, 1,516 loans totalling \$145.4 million have been approved under the program. Based on a program evaluation by Ference Weicker & Company, an estimated further \$52 million to \$71 million in other financing was indirectly leveraged, an estimated 2,900 to 5,450 jobs have been created, incremental revenues for clients are estimated to be between \$302 million and \$762 million, and incremental exports are estimated between \$85 million and \$128 million.

In FY 2001-02 a total of 323 loans valued at \$28 million were approved, of which:

- \$23.7 million was for 53 loans under the larger, sector based loan funds.
- \$4.3 million was for 270 loans under the smaller micro-loan, Francophone, Community Investment, and Entrepreneurs with Disabilities loan funds.

Following are excerpts from the Ference Weicker evaluation “case study” examples of the kind of clients and results of bank/credit union loans that have been leveraged by much smaller Loan Loss Reserve contributions from WD:

<b>Saxby Foods</b>	<b>Fresher Sanitation Washroom Services</b>
<p>Saxby Foods Ltd. of Edmonton manufactures frozen desserts that are sold to major grocery chain stores and food service companies. The company currently has 100 full-time and 20 part time employees.</p> <p>Saxby obtained \$419,000 from the CIBC Agricultural Value-Added Loan Fund to expand its production of frozen desserts to top up the conventional financing available from banks. According to the President, of Saxby, “the LIFP loan program is needed by businesses living on the edge of their debt to equity ratio. It is the bridge between start-up and growing”.</p> <p>He said that the LIFP loan has resulted in the addition of 40 full time and 5 part time jobs, an increase of 30% in the company sales revenues, and an increase in exports of frozen desserts to the US. Since receiving the LIFP loan, Saxby has obtained a conventional loan of \$250,000 from the CIBC to purchase more production equipment.</p>	<p>Fresher Sanitation Washroom specializes in cleaning the washrooms of fine dining restaurants, stores, and other establishments in Winnipeg. The company provides professionally trained, uniformed service technicians equipped with specialized tools and materials. Fresher Sanitation Washroom currently has four full time employees. The company has plans to increase revenues from providing services to additional establishments as well as selling materials such as toilet paper to existing customers.</p> <p>To establish the company, an LIFP term “micro” loan of \$11,300 and an LIFP line of credit of \$10,000 were obtained from the Assiniboine Credit Union. Prior to starting the company, Scott Henderson participated in a government self-employment program, which helped him to prepare a business plan.</p>

WD also has provided its network partners (CFDCs, WEI Offices, and FEDOs) with funds to enable them to provide repayable loans to 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 also provide SMEs with path finding services and referrals to alternate sources of financing.

**In 2001-02,**

**Results:**

- 90 CFDCs in the West approved 1,410 loans through the Regular Loan Funds, totaling \$40.663 million, which are expected to create or maintain 4,930 jobs.
- This includes 97 loans to Entrepreneurs with Disabilities, totaling \$2.180 million, which created or maintained 244 jobs; 130 loans to youth, totaling \$1.911 million, which created or maintained 335 jobs; and 90 loans to Aboriginal clients, totaling \$1.416 million, which created or maintained 75 jobs. In addition, CFDCs in B.C. approved 224 loans through other Partnership Loan Funds, totaling \$9.694 million which created or maintained 1156 jobs.
- During 2001-02, WEI approved 88 loans, totaling \$2.487 million, which created or maintained 244 jobs.
- FEDOs approved 1 loan, totaling \$25,000, which created or maintained 3 jobs.
- CFDCs leveraged \$58.536 million through direct lending activity, WEI leveraged \$2.405 million through direct lending activity, and FEDOs leveraged \$7.855 million through non-lending activity (referrals).

**Objective C:**

**Improved awareness and adoption of e-commerce by SMEs**

WD provides e-commerce seminars and counselling services for SMEs. During 2001-02, a total of 1120 people attended the 48 “E-Biz Seminars” that were held across the West. The department launched several collaborative initiatives to enhance services to entrepreneurs and SMEs.

CFDCs facilitated the delivery of many e-business seminars in rural communities throughout Western Canada, in partnership with WD. At the same time, E-business centres were established by three of the four the western CBSCs to provide training and resources to the SME community.

The Rural Infrastructure Needs Study led by Community Futures Partners of Manitoba, and funded by WD, outlined important issues related to local connectivity, and provided an assessment tool for communities to determine their readiness to engage in e-business activity.

## **Objective D:**

### **Improved export preparedness and capability by western businesses**

During 2001-02, WD's client service officers offered export information and advice to 1,985 clients. In addition, 1,608 clients participated in 56 export seminars. In order to facilitate the growth of exports to Asia, WD partnered with SUCCESS, (the United Chinese Community Enrichment Service Society) to deliver client-centred, value-added export and trade services targeted at new immigrants from Asia.

A total of \$3.055 million was approved during the year for 66 projects under the International Trade Personnel Program. The approved projects resulted in the creation of 82 jobs and in new export opportunities for these firms.

The CBSCs in each of the four western provinces addressed a total of 3,569 export inquiries that were received via the Team Canada Inc (TCI) help line. TCI callers are looking for practical information on export regulations, tariffs, logistics, market intelligence, sourcing, financing and training.

During 2001-02, WD participated in Team Canada West to Dallas and Los Angeles, November 27-30, 2001. In the post-September 11 period, the mission clearly succeeded in stressing the point that Canada is the USA's strong ally and important trading partner. The department's profile was raised during key networking and sectoral sessions (*e.g.*, Biotech, TR Labs, Agri-Food, and Building Products) that WD sponsored.

## **Objective E:**

### **Improved capability of western SMEs to sell their products and services to government**

During 2001-02, WD provided a total of 790 business clients with "selling to government" services. Of the total, 591 clients attended 18 Selling to Government Seminars, and 199 clients received one-on-one selling to government advice.

WD also partnered with the University College of the Fraser Valley to review the challenges and opportunities of building a composite repair and remediation center for the aerospace sector. The ultimate goal would be to develop a center of excellence for the repair of aerospace structures in response to the growing industry demand for such expertise. In Edmonton, WD and the Edmonton Chamber of Commerce hosted the fourth annual InReach: Rendez-vous 2002 Small Business Showcase. The event provided over 125 Alberta businesses with the opportunity to display their products and promote their services to buyers from all levels of government. Several exhibitors reported that they generated new business leads and sales. Plans are to continue to hold this annual event in Edmonton again and in Calgary in October 2002.

Additionally, WD participated in the initial stages of developing a cluster of energy related companies to prepare for participation in energy developments and promote

sustainable energy solutions. WD also published the “Western Canadian Aerospace Industry Capabilities Guide” to promote and direct sell western companies in the aerospace and other technology industries to major domestic and international buyers.

#### **Objective F:**

<b>Address systemic issues in small business development</b>
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During 2001-02, WD:

- Actively supported volunteerism - 90 CFDCs in the West engaged 2,855 community-based volunteers, including Board Members, who provided 97,407 volunteer hours; WEI engaged 136 volunteers, including 31 Board Members, who provided 3,537 volunteer hours; FEDOs engaged 100 volunteers, including 31 Board Members.
- Supported community economic development activities. For example, CFDCs initiated 657 long-term community economic development (CED) projects and held 778 short-term CED events.
- Provided incremental funding of CFDCs, WEI, and FEDOs through the Community Economic Development Opportunity (CEDO) initiative supported the development of community-based adjustment strategies, assessment and development of responses to local CED opportunities, and implementation of CED projects.

### **3. Lessons Learned**

The current challenge is to meet the expectations of Westerners with limited resources available to WD. This means adopting strategies that incorporate capacity building with our partners and collaboration with other government, non-profit and private sector organizations on related initiatives.

During 2001-02, impact studies were carried out on several of WD’s partners in the Western Canada Business Service Network. The findings are summarized below:

The four Community Futures (CF) Associations just completed a study of the impact of CFDCs in Western Canada. The study indicates that, in general:

- There is a strong perceived need for the CFDCs in their communities;
- The CFDCs are perceived as successful in meeting their objectives;
- The services of the CFDCs have tended to complement and benefit those of other organizations in the community; and,
- The strong capabilities of the staff, the support provided by the Boards of Directors and other volunteers, and their ability to identify and rally financial and community resources have been key to the success of the CFDCs.

The findings regarding the impact of services provided to entrepreneurs include:

- Business clients are very satisfied with the assistance that they have received from the CFDCs; (Average satisfaction was rated as 4.4 out of 5.)

- The businesses receiving assistance generate significant economic activity in the communities;
- Clients attribute most of their success to the assistance that they received from the CFDC; (Average satisfaction was rated as 4.5 out of 5.)
- The assistance that is provided by the CFDCs each year generates up to \$1.4 billion in revenues within the following five years, (in terms of business revenues, employment created, exports, and spin-off economic activity); and,
- The return on investment for the funds invested by government was found to be significant – for every \$1 loaned, the net community economic impact was estimated to be \$14.30.

An impact study was carried out on the four Women’s Enterprise Initiative organizations that concluded that the WEI addresses an important, and rapidly growing, clientele.<sup>10</sup> Previous research has shown that women-owned businesses do not grow as quickly as those owned by men, primarily because women typically lack the level of business experience that men bring to their businesses. The WEI directly addresses this experience gap through the provision of financial and intellectual resources to growth-oriented women business owners.

Since 1995, when the initiative was launched, WEI business loans:

- created 462 full-time job equivalent;
- 33% of firms receiving WEI loans were reportedly saved from failure by the WEI loan program. This helped preserve 335 full-time jobs;
- annual revenues for the most recent fiscal year for these “rescued” firms was an average of \$434,000; extrapolation of these data to the 539-loan client universe indicates that the loans preserved another \$75 million of sales revenues from being lost from the tax base; and,
- WEI lending activity generates approximately 1.5 jobs per loan.

WD commissioned a formal evaluation of the Western Canada Business Service Centres. The study found that:

- CBSCs are meeting most client needs, although they have yet to capture the market for operational business needs as fully as they might.
- Clients rated the referral service highly.
- CBSCs have succeeded in developing partnerships, most notably by co-coordinating a total of 136 regional access centres and three satellite offices across the four western provinces.
- Over 85% of the clients responded that CBSCs helped improve their knowledge of government programs, and the quantity and quality of information available to them.
- CBSCs have succeeded in engaging SMEs in business planning and analytical practices.
- There is some market potential for cost recovery or modest service fees.
- CBSCs in the four western provinces need to develop an action plan to address current challenges at a strategic level.

<sup>10</sup> The rate of entry of women to business ownership is almost double that of men.

## D. ECONOMIC RESEARCH AND ANALYSIS

Objective/Key Commitment:

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

### 1. Background

The first step in developing policies and initiatives for Western Canadians is understanding the region's needs, aspirations, and opportunities. WD sponsors a select number of economic research projects to better understand critical areas such as: opportunities in medical research, start-up and growth trends in small business, research infrastructure capacity, urban growth challenges, and broad economic and social trends. WD usually funds these research initiatives in partnership with provincial governments, academic institutions, think tanks and private sector donors. In 2001-2002 thirteen research initiatives were undertaken involving: macro/micro economics in Western Canada, small and medium sized business, health research, science and technology, ocean industries, and rural issues.

WD often undertakes advocacy activities to ensure western needs are taken into account in national policy decisions. Advocacy activities can involve working with stakeholders to achieve the synergy necessary for collective action, such as establishing the Nanotechnology Centre in Edmonton. Advocacy can also involve assisting western firms to benefit from Government of Canada procurement contracts. One recent example is the tours and meetings WD organized with western companies and the Eurocopter Group (France), which is one of the potential bidders on the Marine Helicopter Project. Another advocacy example is WD's work with the Alberta Aerospace Association to prepare a workshop for Western Canadian companies on business opportunities relating to major Crown projects.

### 2. Outcomes Achieved

Objective A:

**Intelligence to make informed policy, advocacy and program development decisions**

<b>Activity</b>	<b>Outcome</b>
Health research - task force established, consultations held, and report received on an initiative to strengthen health research and commercialization activities	The report identifies the potential to create an enhanced life sciences sector providing up to 20,000 knowledge intensive jobs, 50 spin off firms per year, and 50 licensing agreements per year

Macro/micro economics - major research project launched with the Conference Board of Canada to establish the West's economic potential.	For the first time, a measurement of potential economic output for the West, and an objective comparison of performance to other jurisdictions
Macro/micro economics – study commissioned to assess the impact of September 11 on western industrial sectors	Enhanced ability to assess, identify, and develop potential economic initiatives to counteract affects on impacted sectors
Macro/micro economics – Canada West Foundation study sponsored by WD and others released on Building the New West: a framework for regional economic prosperity	Identification key areas that must be addressed to ensure Western Canada achieves long term economic prosperity
SMEs - Portrait of Small Business in Western Canada ministerial press conference held and over 6,500 copies of the study were distributed	Understanding of the role of small business, basis for new targeted programs.
Science & Technology - Calibre Research delivered an inventory of infrastructure and linkages in S&T capacity in Western Canada	Enhanced understanding of S&T capability in order to assess gaps and introduce new programs or initiatives to fill gaps identified
Ocean Industries – project undertaken to review WD's support for ocean industries, and to identify new development opportunities	Objective understanding of the ocean industries sector from which potential program decisions can be evaluated

**Objective B:**

**A platform from which a shared research agenda on Western Canada can be developed with provincial governments and research institutions**

<b>Activity</b>	<b>Outcome</b>
Meeting convened with provincial government economic development policy ADMs and the OECD to ensure adequate representation of provincial government views in the OECD's Territorial Review of Canada	The inclusion of provincial government views of economic challenges and opportunities in the OECD review.
Western Senior Officials Forum on Innovation received report on venture capital availability for science and technology commercialization	An enhanced understanding of innovation oriented venture capital in the West
Western Research Sub-Committee coordinated by WD discussed: a western research inventory, a western research network, a western research accord, and provided in-depth analysis and commentary on the methodology for the Performance and Potential of Western Canada study and a small business research agenda for Western Canada.	A federal provincial research partnership from which joint projects can be undertaken and the reflection of provincial views and concerns in western research

## E. NATIONAL PROGRAMS

Objective/Key Result Commitment:

**To deliver national programs in Western Canada and mitigate the economic impact on communities affected by federal facility closures and reductions, natural disasters or by changes in federal policies and programs.**

### 1. Background

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 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.

### 2. Infrastructure Canada Program (ICP)

In the second year of the six-year program, WD worked in partnership with urban and rural municipalities on their infrastructure priorities. Since the signing of the infrastructure agreements with the four provincial governments in Western Canada in October 2000, more than \$113 million in federal funding has been approved for 493 projects throughout Western Canada, to be spread over the next five years.

By March 31, 2002 a total of \$20,461,703 in federal funds were disbursed to rural and urban municipalities. In this fiscal period, 93 projects were completed entirely, 382 will be completed in the following years and 18 municipalities decided to not proceed with their projects.

Infrastructure Canada's first priority is green municipal infrastructure. In Western Canada, 344 or 70% of projects approved in 2001-02 will improve the quality of our environment. Other areas of emphasis include: municipal roads and bridges, affordable housing, tourism, and platform technologies, such as high-speed Internet access and rural telecommunications.

The Infrastructure Canada agreements specify rural communities in each province will receive a minimum amount of infrastructure funding based on the proportion of rural population in that province. Thirty-five per cent of the approved 2001-02 federal funds will be spent in 281 rural communities.

OUTCOMES	RESULTS
Leverage of Funds	\$113.7 million in ICP funding leveraged \$458.6 million in total project costs across Western Canada.
Benefits resulting from the project	Applicants identify the principal benefit and measure, and after the project is complete, report on the actual results achieved. Quantifiable measures will be reported the year following completion.
Efficient delivery of national programs resulting in timely project or agreement approvals and amendments as well as compliance to the terms and conditions of the agreements.	WD works with its provincial partners to streamline the application process for municipalities and minimize approval time while maintaining high standards of due diligence.
Internal Controls and audits	The agreements provide for compliance audits to be performed on an annual basis in each jurisdiction. The 2001-02 audit of management control frameworks showed WD has appropriate internal controls, to ensure the programs objectives have been met regarding monitoring of intended benefits, project selection and payment approvals, and compliance with environmental legislation

In Manitoba during 2001-02, a total of 70 projects were approved for a federal contribution of \$37,768,524 to be spread over the next five years. At the end of the fiscal year March 31, 2002 a total of \$3,726,115 in federal funds were disbursed to the municipalities. By year-end a total of 7 projects were completed entirely.

In Saskatchewan, a total of 94 projects were approved for a federal contribution of \$16,798,393 to be spread over the next 5 years. At the end of the fiscal year March 31, 2002, a total of \$11,446,196 in federal funds was disbursed to the municipalities. By year-end a total of 57 projects were completed entirely, 26 will be completed in the following years and 11 municipalities decided to withdraw their project or decided not to proceed.

In Alberta, a total of 314 projects were approved for a federal contribution of \$47,185,059 to be spread over the next five years. At the end of the fiscal year March 31, 2002 a total of \$5,289,392 in federal funds were disbursed to the municipalities. By year-end a total of 29 projects were completed entirely, 278 will be completed in the following years and seven municipalities decided to withdraw their projects or decided not to proceed.

In British Columbia, a total of 15 projects were approved for a federal contribution of \$11,926,512 to be spread over the next 5 years.

## **Project Examples:**

**Rural Municipality of Grey (MB) - Water System:** The 200 residents of Haywood (RM of Grey) who have been under a boil-water advisory since September 2000 should be enjoying clean water from their taps by the second half of 2002, thanks to a new waterline that brings them clean water from Stephenfield, 16 kilometres away. The Canada-Manitoba Infrastructure Program is providing \$2 million towards this project that will not only provide a clean source of water to residents of Haywood, but also an efficient and environmentally sound sewage system.

**Benson Water Treatment (SK):** \$43,928 was provided under the ICP to upgrade the water treatment facility in the Village of Benson. The community has been under a precautionary drinking water advisory since December 2000 and required immediate improvements to its water filtration system. The project involves the installation of a new filtration system, new aeration equipment, a pre-treatment process and a new backwash system. The project, completed in February 2002, brought about the removal of the precautionary drinking water advisory.

**The Prince Albert Biosolids Waste Facility (SK)** will turn bio-waste into compost as a cover for the city's old landfill. The new cover will promote vegetation growth at the landfill. Harmful emissions will be reduced as the bio-solids are no longer incinerated. Eventually the compost may be used in city landscaping or as a soil conditioner.

**City of Edmonton (AB) – Rotary Millennium Housing project** involves construction of a 25-unit housing facility in support of efforts by Edmonton Inner City Housing to increase the amount of safe and affordable housing in the city. These new homes will give disadvantaged, low-income residents and families of Edmonton's inner-city an improved quality of life in terms of comfort, safety and affordability.

**Edmonton (AB) – Centre of Excellence – Gold Bar Wastewater Treatment Plant**  
This project is another important component of the City of Edmonton's long-term vision to become a leading authority in water and wastewater management, as well as to create new business opportunities through the development and commercialization of new technology and processes in this field. A new facility at the Gold Bar site will help expand research, testing and development of new water and wastewater treatment and processing technologies to reduce bio-gas emissions and solid waste effluent.

**Abbotsford and Mission (BC)** - The Fraser Valley Regional District will receive about \$6.7 million for a \$10.4 million filtration system for Norrish Creek to improve the quality of the water supply to Abbotsford and Mission. The membrane filtration units will be able to treat 54.5 million litres of water per day, removing colour, cloudiness, and any giardia or cryptosporidium that may be in the water. This project will improve water quality for 64,000 households.

### **3. Canada-Manitoba Partnership Agreement on Red River Valley Flood Protection**

The agreement continued over the past year to provide improved flood protection infrastructure to communities in the Red River Valley as well as individual home and business protection in the valley. When the agreement is completed in 2003, there will be about 14 communities and 1700 individuals with flood protection to the “1997 plus 2 foot of freeboard” standard.

The enhanced Hydrometric network work done by Environment Canada under this agreement was completed in the year ended March 31, 2002. The network will provide timely and accurate data to predict summer flood conditions. Another excellent example of this cooperation is the work being done on behalf of WD by Natural Resources Canada. The Dendochronology (tree ring research) being conducted by NRCan will provide valuable insights into flood patterns.

### **4. Royal Roads University**

In 2001/02, funds were used to continue the upgrading of the historic Royal Roads buildings in British Columbia to meet the needs of the new Royal Roads University. The upgrades are done with community input and retain the look and feel of the turn of the century Edwardian estate. The funds will also be used to mitigate the cost of operating a modern university in the dated buildings and maintaining the four historic gardens. Upgrading and modernizing the facilities will result in reduced future per student operating costs.

## F. LEGACY PROGRAMS

Strategic Objective:

**Repayable contributions repaid in accordance with terms of contracts.**

### 1. Background

From 1987 to 1995, the Western Diversification Program offered repayable contributions to firms that were developing new products, new markets, new technologies, or replacing imports in Western Canada. Clients and partners shared the risk by injecting equity into these projects.

### 2. Outcomes Achieved

In 2001-02, WD collected \$13.9 million in repayments and related revenue from its pre-1995 Legacy Programs portfolio. Future collection will decline substantially as WD moved away from this type of funding in 1995.

WD is pursuing every account in accordance with the terms of the agreements, and in accordance with the Government of Canada accounts receivable policy.

In administering collection activities, WD works with its clients to adapt repayment plans to business fluctuations, and ensuring, within good business practices, that businesses are given every chance to survive and to contribute to economic growth in Western Canada.

## **G. HORIZONTAL INITIATIVES**

### **1. Sustainable Development Strategy**

WD's 3-year Sustainable Development Strategy (SDS) 2000 was tabled in 2001 in the House of Commons. The department is committed to the strategy's three goals:

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

WD supports and encourages its partners to educate their clients on sustainable development concepts and applications for integration into every day business practices. In addition, the integration of SD into WD decision-making, policy development, and program implementation is taking place through quality assurance reviews, project assessment, and improvements to financial and project reporting systems.

#### **Outcomes in 2001-02 included:**

- Implementation of an Environmental Management Systems (EMS)
  - Currently WD is implementing an EMS suited to the department's needs and mandate.
- Implementation of a departmental policy
  - As one of the key stages of implementing an EMS, a departmental Environmental Policy was adopted in January of 2002.
- SD training for staff and WCBSN members
  - In collaboration with the WCBSN partners, WD developed the SD On-line Learning Tool in 2001/2. The tool is slated for launch during Environmental Week (June 2-8) in 2002-03.
- Annual reporting
  - An annual report on the implementation of WD's SDS is planned for Fall 2002.

WD worked with Environment Canada to fund the EcoDesign Innovation (EDI) Program. EDI, (WD contributed \$132,855) was managed by a Steering Committee consisting of the funding partners, as well as organizations including the Industrial Research Assistance Program of the National Research Council, Canadian Environment Industry Association (CEIA) and Industry Canada. In partnership with CEIA-BC, the Science Council of British Columbia administered the program.

Eight BC manufacturing companies and six consulting firms participated in EDI and all were successful in creating cost savings, increasing revenue, and decreasing environmental impacts in their organizations. Among the results were an estimated reduction of solid waste by 142 tonnes, 8,525 gigajoules in natural gas, 225,900 kilowatt hours in electricity, and 480 tonnes of greenhouse gases. The majority of the environmental gains and cost savings/increased revenues were achieved by reducing energy and water use and wastewater discharge.

The details of the Sustainable Development Strategy (SDS 2000) goals, objectives, performance indicators and accomplishments for 2001-02 are available at [http://www.wd.gc.ca/eng/rpts/strategies/sd\\_plan/sd2000/update.htm](http://www.wd.gc.ca/eng/rpts/strategies/sd_plan/sd2000/update.htm) .

## **2. Official Languages**

In fiscal period 2001-02, WD had another successful year delivering its products and services in both official languages and implementing Section 41 of the Official Languages Act. WD's four-year Official Languages Action Plan can be found at the following web link: <http://www.wd.gc.ca/eng/rpts/strategies/ola/2004/default.htm>.

WD fully implemented its Francophone Strategy in 2001/2. The first part of the strategy involved integrating the Francophone Economic Development Organizations (FEDOs) into the Western Canada Business Services Network (WCBSN). The FEDOs are independent, not-for-profit organizations, governed by volunteer boards of directors representative of the province. The FEDOs are La Société de développement économique de la Colombie-Britannique, La Chambre économique de l'Alberta, Le Conseil de la coopération de la Saskatchewan, and Le Conseil de développement économique des coopération bilingues du Manitoba.

Integrating FEDOs into the WCBSN will enhance and support community economic development in francophone communities, the development of francophone small businesses and services in the official language of choice in the WCBSN. FEDOs offer services such as business counselling, networking opportunities, workshops and info-sessions, and project development in the French language. Further information on the FEDOs can be found at: <http://www.wd.gc.ca/eng/pos/fedo/default.htm>

The Francophone Strategy calls for the establishment of a Special Economic Development Initiatives fund (SEDI) of \$200,000 per region per year and a Pan Western Initiatives fund of \$800,000 over three years to address high priority economic

development issues in each of the francophone communities in Western Canada. The Strategy will also provide, in partnership with a regional financial institution, a loan loss reserve worth \$400,000 per region over three years to enhance access to capital for francophone entrepreneurs.

In addition, the year marked the development of new partnerships with the signing of a Memorandum of Understanding between WD and Canadian Heritage. The Interdepartmental Partnership with the Official Language Communities (IPOLC) / Partenariat Interministériel avec les communautés de langues officielles (PICLO) provides matching funds to encourage federal organizations to support official-language minority communities. Further information on the IPOLC program can be found through the Department of Canadian Heritage at the following web link:  
<http://www.pch.gc.ca/offlangoff/english/ipolc.html>

Through this partnership, two projects in Alberta region received funding in 2001-02.

1. The Société La Grande Place Francophone de Calgary project supports the development of the proposed Francophone district in Calgary. The “great public square” will facilitate the economic and cultural development of the francophone community in Calgary. The total project cost is \$102,861, of which \$38,500 will be provided by WD.
2. The Lac La Biche/Plamondon Francophone Heritage Tourism Project involves the development and marketing of bilingual tourist attractions. The total cost to complete this project was \$157,103, of which WD provided \$41,727.

### **3. Service Improvement Initiative**

Following on from the results of previous year’s client satisfaction survey, WD established an implementation plan to address service priorities, particularly in the areas of timeliness, and meeting client expectations. This plan included training for officers in client consultation techniques, improving internal processes to speed up application processing times, and implementing seminar evaluation forms based on the Common Measurement Tool to better evaluate seminar quality and content.

Existing small business information products were reviewed for adaptation to a web-based, interactive environment as part of the Government on Line initiative to better meet clients’ needs.

#### Client Satisfaction Survey 2001-02

A client satisfaction survey was undertaken using the same general client database as the previous year.

The survey revealed that 75% of respondents indicated a positive client satisfaction level – about the same as last year. Within that measurement, improvements in satisfaction

levels were achieved in a number of areas, including: delivering on promises made (5% improvement), and communications in official language of choice (11% improvement).

In addition to its own Service Improvement activities, WD contributed to the work of inter-departmental Citizen Centred Service committees. This included providing consultation to other departments, as well as assisting in the planning and delivery of Service Improvement Learning events to government employees.

#### **4. Government on Line**

A GOL Public Plan was developed and approved for WD. It can be found at: <http://www.wd.gc.ca/eng/rpts/strategies/default.htm>. The on-line services that have been developed to date are primarily informational. Existing WD on-line services can be found at: <http://www.wd.gc.ca/eng/default.asp>.

WD conducted an e-consultation process through surveys and focus groups of clients, partners and staff to determine the level and type of interest in providing on-line services as an additional channel of communication. WD clients have indicated their specific interest in having an on-line choice, particularly with regard to front-end information about program guidelines and back-end capacity to process claims. They would also appreciate an advanced search function that helps them find what they need on the WD website.

WD began its GOL Project Development and Implementation Phase in January 2002, with the review of the GOL governance and due diligence process. A GOL Due Diligence process has been developed to move from program and service content to actual on-line service delivery to the public.

WD's Service Partners implemented special initiatives to enhance their participation in the federal government's Government on Line initiative and their capacity to engage in local community economic development activity. For example, during 2001 – 02, WD provided funding to CFDCs, CF provincial Associations, WEI, and FEDOs, for the Partners On Line I (POL-1) initiative. The initiative enhanced the technological infrastructure of WD's Service Partners to better position them to participate in GOL initiatives, and to improve their effectiveness in providing services to SMEs. The Partners On Line II (POL-2) pilot initiatives demonstrated how CFDCs might increase their participation in the knowledge-based economy. Pilot projects included the Northern Manitoba E-Business Resource and Training Centre, the Digital Community and SME Resource Database, also in Manitoba, and the PeaceInfoGate ([www.PeaceInfoGate.com](http://www.PeaceInfoGate.com)) one-stop on-line solution for government information in Peace Country, Alberta. Another project that is underway seeks to further develop the on-line capacity of our partners to deliver services to Western Canadians. The link to the partners of the Western Canada Business Services Network can be found at: <http://www.wd.gc.ca/eng/pos/default.htm>

In addition, projects ranging from an advanced Media Centre to an on-line Research Centre are being assessed and developed by department staff. Client Service Directors

have created five pan-western business teams to address the need for information modules that can be presented on-line, and the E-Business Team has already worked on an E-Business virtual presentation and a set of fact sheets.

## **5. Modern Comptrollership**

Over the past year WD developed several new management practices that align with the Government of Canada's management framework as described in *Results for Canadians*. A Modern Comptrollership Office was established under the stewardship of a senior level Modern Comptrollership Steering Committee. A work plan for the initiative was developed and a Modern Comptrollership Capacity Assessment was undertaken. This assessment will lead the department to a multi-year action plan aimed at facilitating its management improvement initiative.

Significant accomplishments to date include the following initiatives:

- Continued refinement of the Department's Strategic Framework, which forms the basis for long-term planning, operating and performance reporting.
- An updated grant and contribution project assessment process was developed that will enable the department to improve the link between activities and resources and performance and results.
- Implementation of a Quality Assurance Review process which ensures that all required due diligence has been done and is documented before money flows to grants and contributions projects. The process included the development of a standard for risk assessment on all projects.
- Modernization of the department's program and financial information system and successful implementation of the government wide Financial Information Strategy. The system provides staff at all levels of the organization with more timely and useful financial information for better, more coordinated, decision-making.

## **H. FINANCIAL PERFORMANCE**

### **FINANCIAL SUMMARY TABLES**

The following financial tables depict the resources available to the Department in 2001-2002; how these resources were used; as well as, the revenues generated by the Department. The tables also provide comparative historical information for the previous two fiscal years. The following tables are included:

Financial Table 1 - Summary of Voted Appropriations

Financial Table 2 - Comparison of Total Planned Spending to Actual Spending

Financial Table 3 - Historical Comparison of Total Planned Spending to Actual Spending 1999-00 to 2001-02

Financial Table 4 - Revenue

Financial Table 5 - Statutory Payments

Financial Table 6 - Transfer Payments

The source of the information included in these financial tables is:

- The “Planned Spending” column displays the amounts of planned spending at the start of the fiscal year, as per the “Planned spending 2001-02” column of the Report on Plans and Priorities for the 2001-02 fiscal year.
- The “Total Authorities” column displays the Total Authorities, which include the Main and Supplementary Estimates and other authorities transferred to WD from Treasury Board Secretariat votes during the 2001-02 fiscal year. These agree with the Authorities reported in the 2001-02 Public Accounts.
- The “Actual ” column displays the actual expenditures or revenues, as reported in the 2001-02 Public Accounts.

**Financial Table 1 Summary of Voted Appropriations**  
Financial Requirements by Authority

(\$ millions)

Vote	2001-2002		
	Planned Spending	Total Authorities	Actual
<b>Western Economic Diversification Canada</b>			
120 Operating Expenditures	38.6	48.5	<b>45.1</b>
125 Grants and Contributions	223.4	216.3	<b>178.0</b>
(S) Obligations under the <i>Small Business Loans Act (SBLA)</i>	15.0	17.3	<b>17.3</b>
(S) Obligations under the <i>Canada Small Business Financing Act (CSBFA)</i>	3.0	6.4	<b>6.4</b>
(S) Contributions to Employee Benefit Plans	4.5	4.7	<b>4.7</b>
<b>Total Department</b>	<b>284.5</b>	<b>293.2</b>	<b>251.5</b>

Operating Vote 120

The \$6.5 million increase in actual expenditures, compared to planned spending is primarily due to:

- Increased salary costs due to the signing of various collective agreements during the year - \$1.4M;
- Additional salary and non-salary costs for:
  - the new Innovation and Community Investment Program, approved during the year - \$1.2M;
  - additional Federal Regional Council activities, approved during the year - \$0.9M;
  - implementation of a Service Canada Initiative - \$0.3M;
  - the upgrading of informatics hardware and software - \$1.9M; and,
  - the enhancement of systems reporting - \$0.5M.

Grants and Contributions Vote 125

The \$45.4 million decrease in actual expenditures, compared to planned spending is primarily due to:

- delays in the implementation of the Infrastructure Canada Program - \$63.6M;
- the approval of a Grant to the BC Cancer Foundation for the Genome Sequence Centre - \$10.0M; and,
- the approval of the Innovation and Community Investment Program - \$7.4M.

**Financial Table 2 Comparison of Total Planned Spending to Actual Spending**  
 Departmental Planned versus Actual Spending

(\$ millions)

<b>Western Economic Diversification Canada</b>	<b>2001-2002</b>		
	<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual</b>
FTEs	364	-	351
Operating			
Vote 120 - Operating Expenditures	38.6	48.5	45.1
(S) Contributions to Employee Benefits	4.5	4.7	4.7
Plans			
Total Operating	43.1	53.2	49.8
Grants and Contributions	241.4	240.0	201.7
<b>Total Gross Expenditures</b>	<b>284.5</b>	<b>293.2</b>	<b>251.5</b>
<b>Less:</b>			
Respendable Revenues	-	-	-
<b>Total Net Expenditures</b>	<b>284.5</b>	<b>293.2</b>	<b>251.5</b>
<b>Other Revenues and Expenditures:</b>			
Non-respendable Revenues	(33.5)	-	(48.0)
Cost of services provided without charge	3.9	-	3.9
<b>Net Cost of the Program</b>	<b>254.9</b>	<b>297.1</b>	<b>207.9</b>

**Financial Table 3 Historical Comparison of Total Planned Spending to Actual Spending 1999-00 to 2001-02**

(\$ millions)

<b>Western Economic Diversification Canada</b>	<b>1999-2000</b>		<b>2000-2001</b>		<b>2001-2002</b>	
	<b>Planned Spending</b>	<b>Actual</b>	<b>Planned Spending</b>	<b>Actual</b>	<b>Planned Spending</b>	<b>Actual</b>
Operating						
Vote 120 - Operating Expenditures	31.8	39.1	36.8	42.0	38.6	45.1
(S) Contributions to Employee Benefits Plans	3.8	4.4	4.1	4.6	4.5	4.7
<b>Total Operating</b>	<b>35.6</b>	<b>43.5</b>	<b>40.9</b>	<b>46.6</b>	<b>43.1</b>	<b>49.8</b>
Grants and Contributions						
Vote 125 - Grants and Contributions	164.8	145.4	177.8	142.4	223.4	178.0
(S) <i>SBLA/CSBFA</i>	21.0	26.3	20.0	25.0	18.0	23.7
<b>Total Grants and Contributions</b>	<b>185.8</b>	<b>171.7</b>	<b>197.8</b>	<b>167.4</b>	<b>241.4</b>	<b>201.7</b>
<b>Total</b>	<b>221.4</b>	<b>215.2</b>	<b>238.7</b>	<b>214.0</b>	<b>284.5</b>	<b>251.5</b>

**Planned Spending Changes:**

The increase in planned spending over the previous two years is mainly due to:

Operating Vote 120

- the approval of the Infrastructure Canada Program – \$2.9 M;
- the renewal of the Canada Business Service Centre Initiative - \$3.7M;
- incremental salary resources costs due to the signing of collective agreements - \$0.9M;
- the net decrease of other resource changes - \$0.7M;

Grants and Contributions Vote 125

Please refer to Financial Table 6 - Transfer Payments for more information.

**Actual Expenditure Changes:**

The increase in actual expenditures over the previous two years is mainly due to:

Operating Vote 120

- the approval of the Infrastructure Canada Program - \$2.5 M;
- increased salary costs resulting from the signing of various collective agreements - \$2.0M;
- the approval of the Innovation and Community Investment Program - \$1.2M;

Grants and Contributions Vote 125

- an increase of \$21.0 million for the Infrastructure Canada Program.
- a \$10.0 million grant to the BC Cancer Foundation for the Genome Sequence Centre.

Please refer to Financial Table 6 - Transfer Payments for more information.

**Financial Table 4      Non-Respendable Revenue**

(\$ millions)

**Western Economic Diversification  
Canada**

**2001-2002**

	<b>Actual 1999-00</b>	<b>Actual 2000-01</b>	<b>Planned Revenue</b>	<b>Total Authorities</b>	<b>Actual</b>
Repayable Contributions	29.0	26.7	15.0	-	19.3
Other Revenue	7.5	3.4	0.5	-	2.3
<i>SBLA's</i> – Service Fees	21.5	12.9	15.0	-	13.8
<i>CSBEA's</i> – Service Fees	--	12.5	3.0	-	12.6
<b>Total Non-Respendable Revenues</b>	<b>58.0</b>	<b>55.4</b>	<b>33.5</b>	<b>-</b>	<b>48.0</b>

The department does not have any spendable revenue. Accordingly, as there are no authorities for non-spendable revenue, the Total Authorities Column does not apply to Western Economic Diversification C

Non-spendable revenue consists of:

- the repayment of repayable contributions previously provided by the department and related interest and other revenue; and
- other revenue comprising the proceeds from the disposal of surplus Crown assets; Access to Information and Privacy fees; the adjustment of prior years set-up of accounts payable; and, refunds of prior years operating expenditures.
- service fees for loan guarantees, which represent the fees for loans approved under the *Small Business Loans Act (SBLA)* and the *Canada Small Business Financing Act (CSBEA)*.

**Financial Table 5            Statutory Payments**

(\$ millions)

**Western Economic Diversification  
Canada**

**2001-2002**

	<b>Actual 1999-00</b>	<b>Actual 2000-01</b>	<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual</b>
(S) Obligations under the <i>SBLA's</i>	26.3	23.5	15.0	17.3	<b>17.3</b>
(S) Obligations under the <i>CSBFA's</i>	--	1.5	3.0	6.4	<b>6.4</b>
(S) Contributions to employee benefit plans	4.4	4.6	4.5	4.7	<b>4.7</b>
<b>Total Statutory Payments</b>	<b>30.7</b>	<b>29.6</b>	<b>22.5</b>	<b>28.4</b>	<b>28.4</b>

Statutory payments consist of:

- the settlement of loan loss guaranties to banks and financial institutions for loan losses related to obligations under the *Small Business Loans Act and the Canada Small Business Financing Act*;  
and,
- contributions to employee benefit plans.

**Financial Table 6                  Transfer Payments**

(\$ millions)

**Western Economic Diversification  
Canada**

**2001-2002**

	<b>Actual 1999-00</b>	<b>Actual 2000-01</b>	<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual</b>
<b>GRANTS</b>					
Grant <sup>1</sup>	0.0	0.0	5.0	10.0	10.0
<b>Total Grants</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0</b>	<b>10.0</b>	<b>10.0</b>
<b>CONTRIBUTIONS</b>					
Western Diversification Program <sup>2</sup>	54.8	69.0	118.1	67.9	<b>67.9</b>
Community Futures Program	23.8	22.7	--	21.6	<b>21.6</b>
Partnership Agreements	7.3	13.6	--	19.6	<b>19.6</b>
Service Delivery Network Program	6.0	7.6	--	10.2	<b>10.2</b>
Innovation and Community Investment Program	--	--	--	7.4	<b>7.4</b>
Loan & Investment Fund Program	1.3	6.0	7.6	2.8	<b>2.8</b>
Winnipeg Development Agreement	0.1	1.2	--	0.8	<b>0.8</b>
Canada Infrastructure Works Program	18.3	5.8	8.0	8.0	<b>6.1</b>
Infrastructure Canada Program <sup>3</sup>	--	0.3	84.7	57.4	<b>21.1</b>
Sandspit Harbour Program	0.9	0.3	--	--	--
Community Economic Adjustment Initiative	8.9	9.5	--	--	--
Red River Flood Protection Program	24.0	6.4	--	10.5	<b>10.5</b>
(S) Obligations under the <i>SBLA</i> 's	26.3	23.5	15.0	17.4	<b>17.3</b>
(S) Obligations under the <i>CSBFA</i> 's	--	1.5	3.0	6.4	<b>6.4</b>
<b>Total Contributions</b>	<b>171.7</b>	<b>167.4</b>	<b>236.4</b>	<b>230.0</b>	<b>191.7</b>
<b>Total Transfer Payments</b>	<b>171.7</b>	<b>167.4</b>	<b>241.4</b>	<b>240.0</b>	<b>201.7</b>

<sup>1</sup> A \$10 million grant was made to the BC Cancer Foundation to support the Genome Sequence Centre.

<sup>2</sup> To improve disclosure, the "Total Authorities" column reflects internal adjustments between programs.

<sup>3</sup> Planned spending for the six-year Infrastructure Canada Program, which commenced in 2000-01, was slower than expected. Unexpended funds under this program, not already transferred to future years, are eligible for carry-forward.

## SECTION IV: APPENDICES - HORIZONTAL INITIATIVES

<b>A. Vancouver Agreement</b>
<b>Lead Department(s):</b> WD, Human Resources Development Canada, and Health Canada
The Vancouver Agreement is an un-funded tri-partite agreement between the Government of Canada, the Government of British Columbia, and the City of Vancouver. The federal government's three lead departments do not have specific allocations of funding for this initiative.
<b>Partner(s):</b>
The other federal partners are Justice Canada, Industry Canada, Canadian Heritage, the RCMP, Canadian Mortgage and Housing Corporation, Status of Women Canada, the Correctional Service of Canada, the Department of Indian Affairs & Northern Development, and Citizenship & Immigration Canada. As is the case with the three lead federal departments, these partners do not have specific allocations of funding for the Agreement.
<b>Governance Structure:</b>
A three-member Policy Committee leads the Agreement. The federal government is represented by the Hon. Stephen Owen, Secretary of State (Western Economic Diversification) (Indian Affairs and Northern Development). The other two members are George Abbott, B.C. Minister of Community, Aboriginal, and Women's Services, and Philip Owen, Mayor, City of Vancouver. The Policy Committee is supported by a nine-member Management Committee (made up of 3 senior managers from each government), which is in turn supported by a coordination unit.
<b>Description:</b>
<p>In March 2000, the governments of Canada, British Columbia, and the City of Vancouver signed the Vancouver Agreement, a five-year urban development agreement committing the partners to work together, within their jurisdictions and mandates, and with communities in Vancouver. The objective of the Agreement is to develop and implement a coordinated strategy to promote and support sustainable economic, social, and community development to create healthy, safe, and sustainable communities.</p> <p>Points that the partners agree to include:</p> <ul style="list-style-type: none"><li>• focusing first on the Downtown Eastside of Vancouver;</li><li>• establishing processes to engage members of the community in achieving their economic, social, and community goals';</li><li>• seeing that initiatives under this Agreement link with and build on one another;</li><li>• making balanced investments in support of social and economic change within their respective mandates;</li><li>• financing activities under this Agreement initially through more effective targeting of government allocations;</li><li>• encouraging funding from non-government partners; and,</li><li>• using their individual authorization procedures for committing the funds required when they agree to support an activity under this Agreement.</li></ul> <p>Results of activities are being reported on an ongoing basis.</p>

<b>Performance Information:</b>	
<b>Planned Results:</b>	<b>Indicators for Measuring Achievement of Planned Results:</b>
<p>The goal of this Agreement is to create healthy, safe, and sustainable communities in Vancouver. In these communities, all organizations, from informal groups to governments, work effectively together to improve the quality of everyone's life. All activities under the Agreement have planned results that contribute to the achievement of this goal.</p>	<p>There is an ongoing process of gathering information on the outputs and outcomes of activities under the Vancouver Agreement. The information collected will be used to complete an overall strategy under development to evaluate the effectiveness of the Vancouver Agreement.</p>

## **B. Urban Aboriginal Strategy for Winnipeg**

### **Lead Department(s): MFC/WD**

The Manitoba Federal Council (MFC) initiated a locally-driven approach to establish an Urban Aboriginal Strategy for Winnipeg (UAS-W). WD is one of ten federal departments involved in the Strategy. WD provides dedicated resources to the UAS-W Secretariat. Privy Council Office (PCO) provides supplemental funding.

### **Partner(s):**

The federal partners are-- Health Canada, Justice, Industry Canada, Department of National Defence, Canadian Heritage, Corrections Services of Canada, Canada Mortgage and Housing Corporation, Department of Indian Affairs and Northern Development, PCO, and WD. The other partners include: the Province of Manitoba; Assembly of Manitoba Chiefs (AMC); Manitoba Metis Federation (MMF), and the Business Council of Manitoba.

### **Governance Structure:**

The Strategy's organizational structure includes the Sub-committee of Senior Officials (MFC representatives from partnering departments). All partners are members of the UAS-W Working Group, and Operations Group (in latter part of 2001 it became an ad hoc group for particular projects). The Working Group meets monthly and reports to the Sub-committee of Senior Officials.

### **Description:**

In April 1999, the MFC developed a policy direction paper outlining the overall federal UAS-W including a listing of all programs that are part of the Strategy. The UAS-W programs range from ongoing/traditional programming to new initiatives that specifically address key areas of need among Winnipeg's Aboriginal communities. On July 7, 1999 a three-year MOU was signed with the Province of Manitoba to coordinate long-term sustainable socio-economic opportunities for Aboriginal people living in Winnipeg. The MOU ended March 31, 2002.

### **Performance Information:**

Biannual project summary reports are prepared in each of the five UAS-W component areas: Healthy Communities; Health; Justice; Employment Development and, Economic Development. The report includes data such as-- program description, key objectives, clients, and funding sources. The UAS-W secretariat distributes a cumulative list of projects to Strategy partners. Within the region, UAS-W officials now know their federal counterparts and have a more comprehensive understanding of the projects being delivered to Aboriginal people in Winnipeg. Sharing information has created opportunities to collaborate on initiatives.

When the UAS-W secretariat is told of a prospective project, either from a proponent or UAS-W partner, the information is shared among the partners, therefore, reducing the work of the project proponents. Several meetings were held in 2001-02, to share information on projects proposals and seek funding.

In January 2001, the UAS-W Working Group engaged Consulting and Audit Canada (CAC) to conduct a progress review to address the status and future steps for the Strategy. A survey was done of 22 third party delivery agents receiving project funding from one or more of the federal partners.

The survey addressed the Strategy’s goals (see below) and asked delivery agents to identify gaps in service delivery and offer suggestions for improvement. The review indicated that overall the UAS-W goals are being met, however, it was not possible to determine the degree to which this success is attributable to the Strategy.

The Strategy’s objective to provide a federal mechanism for improved coordination of service delivery is occurring. Federal UAS-W partners prepared a summary of the Horizontal Barriers and Opportunities that were felt to be systemic. The assumed benefits of a coordinated approach include a reduced burden of reporting and accountability requirements imposed on delivery agents, as well as reduced gaps in service and improved program effectiveness for the Aboriginal community. The summary was presented to the Sub-committee of Senior Officials, and later to the Task Force on Coordination of Federal Activities in the Regions of Canada.

<b>Planned Results:</b>	<b>Indicators for Measuring Achievement of Planned Results:</b>
<p>The value-added goals/expectations for the Strategy:</p> <ol style="list-style-type: none"> <li>1. increase partnerships with other stakeholders;</li> <li>2. enhance community ownership;</li> <li>3. strengthen the community through capacity building; and,</li> <li>4. improve/increase Aboriginal people’s access to development opportunities.</li> </ol>	<p>1. Increased partnerships</p> <p>WD is funding a Mobility Study that will interview Aboriginal people newly arrived in Winnipeg, to determine the accessibility and adequacy of services and learn about changes over an 18 month period. The wording of the questionnaire was finalized with input from the AMC, and MMF. The Province is a member of the Steering Committee and has had an advisory role on the overall survey design.</p> <p>CMHC presented a proposal for a Housing Manager Training Program and received funding from three other federal partners.</p> <p>2.and 3. Enhanced community ownership and capacity building</p> <p>Through data gathered in the Consulting and Audit Canada (CAC) report, and from project summary reports submitted by project officers in partnering departments, there is an improvement in the community’s involvement and ownership of project results. Project officers rate the level of capacity building in each project as medium to high. Delivery agents agreed that skills of staff and volunteers are improving. Many UAS-W projects have a component of Aboriginal cultural awareness that benefits staff, care providers and clients.</p>

**C. Regional Partnering Strategy - Saskatchewan Council of Senior Federal Officials**

**Lead Department(s):**

Western Economic Diversification – Chair, Saskatchewan Council of Senior Federal Officials (SCSFO)

**Partner(s):**

Privy Council Office, Department of Indian Affairs and Northern Development, Canadian Heritage, Corrections Canada, Health Canada, Western Economic Diversification. Each of these departments has contributed between \$50,000 and \$115,000.

**Governance Structure:**

A regional team reports through a Director General to the Management Committee of the Senior Federal Council chaired by Terry Gibson, ADM of Western Economic Diversification Canada, Saskatchewan Region. The group also benefits from advice and collaboration from a variety of partners at the federal, provincial, municipal or non-government organization levels.

**Description:**

The Regional Partners Strategy (RPS) is a 4-year pilot project commencing April 1, 2002 initiated by the SCSFO to address identified aboriginal issues in a horizontal fashion and test the effectiveness of using a common Results Based Management Accountability Framework. The first major project being implemented by the RPS team is the Regina Demonstration Pilot Project.

**Performance Information:**

Key results for the current year relate to progress with the Regina Demonstration Pilot Project. The overall initiative objective is to support the efforts of community leaders, educators and private sector in Regina North Central and greater inner-city to develop and implement strategies for growth by taking an integrated federal approach. The pilot will seek to create a common federal horizontal management tool.

<b>Planned Results:</b>	
<ul style="list-style-type: none"> <li>Stabilize Federal Programming in Support of Scott Collegiate Community School</li> </ul>	<ul style="list-style-type: none"> <li>Resolution of issue of relocation of the Fetal Alcohol Syndrome program</li> <li>Development of a single agreement</li> <li>Development of an evaluation frame-work to test short and long term results</li> </ul>
<ul style="list-style-type: none"> <li>Develop an Aboriginal Youth Employment Strategy in partnership with the Regina Regional Economic Development Authority</li> </ul>	<ul style="list-style-type: none"> <li>Single window federal face for interaction with municipal and business leaders</li> <li>Increased employment opportunities for Aboriginal youth</li> <li>Increased retention of Aboriginals in the workforce</li> <li>A stable and growing labour force for the future</li> </ul>
<ul style="list-style-type: none"> <li>Support a Housing Initiative focused on Regina North Central</li> </ul>	<ul style="list-style-type: none"> <li>Increased home ownership</li> <li>Pride in home ownership contributes to: <ul style="list-style-type: none"> <li>- Increased employment</li> <li>- Decrease in substance abuse</li> <li>- Decrease in family violence</li> <li>- Decrease in crime rates</li> </ul> </li> <li>Trained in all aspects of owning a home</li> <li>Increased trades workforce</li> </ul>
<ul style="list-style-type: none"> <li>The testing, refinement and cataloguing of tools that successfully facilitate horizontal initiatives</li> </ul>	<ul style="list-style-type: none"> <li>The creation of a Results Based Management Accountability Tool</li> <li>The ability of a dedicated horizontal federal team to successfully facilitate and support interdepartmental cooperation and collaboration</li> <li>The ability to effectively cost projects at the interdepartmental (Canada) level</li> </ul>
<b>Strategic Outcomes:</b>	
Addresses urban Aboriginal and sustainable communities priorities as well as modern comptrollership.	