

WESTERN ECONOMIC DIVERSIFICATION CANADA

Report on Plans and Priorities (1999-2000)

John Manley
Minister of
Western Economic Diversification

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A. Minister's Message

Our vision of Canada at the dawn of the new millennium is that of a strong and dynamic country poised to be a global leader in the knowledge-based economy of the 21st century. Canada continues to face the challenges of responding to the rapid pace of global change, and of harnessing the benefits of the knowledge-based economy for all Canadians. The government's goal is to create economic growth and more jobs for Canadians, in order to improve incomes and our standard of living.

Our standard of living depends directly on productivity, and improving productivity growth will be one of Canada's key challenges in the years ahead. The Industry Portfolio has a pivotal role to play in meeting this challenge. With 42 percent of federal science and technology funding and many of the government's micro-economic levers at its disposal, the Industry Portfolio has a unique capacity for innovation, research excellence, and partnership. The 13 Portfolio members bring together a versatile array of complementary programs to help improve Canadian productivity and competitiveness by focusing on such strategic priorities as promoting innovation through science and technology, helping small- and medium-sized enterprises to grow, encouraging trade and investment, and promoting economic growth in Canadian communities.

I am pleased to present the Report on Plans and Priorities for Western Economic Diversification. This Report sets out for Canadians the planned activities, priorities and resources over the course of the next three years. Western Economic Diversification helps small and medium sized businesses grow and prosper through more than 100 points of contact in urban and rural areas. The department helps the western economy reach greater levels of prosperity and productivity through specific initiatives aimed at key economic sectors and target groups. These plans illustrate how Western Economic Diversification, as a member of the Industry Portfolio, will contribute to improving Canada's competitiveness.

The Industry Portfolio is ...

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

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

Canada is well equipped to be a leader in the knowledge-based economy of the 21st century. We have the people, the institutions and the research excellence. We have the vision to not only connect all Canadians, but also to connect them to the global marketplace. We know the challenges that we face and the opportunities afforded to us. By mobilizing our resources, we can be a leader in the new economy. By working together, we can ensure continuing success as we embark on the new millennium.

The Honourable John Manley

B. Secretary of State's Message



Ron J. Duhamel
Secretary of State
Western Economic Diversification Canada

For more than ten years, Western Economic Diversification (WD) has been working with the people of Western Canada – with women, persons with disabilities, youth, Aboriginal people, community and industry leaders, and entrepreneurs – to build a stronger West and a stronger Canada.

Over the past three years, WD's focus has been on developing and strengthening partnerships to provide increased access to integrated services and information critical to the success of small and medium-sized businesses and entrepreneurs, as well as representing the economic interests of Western Canada in Ottawa.

WD's broad network of partnerships and its close relationships with the private sector and other levels of government provide it with the knowledge and experience it needs to deliver its mandate. The Department has partnered with provincial and municipal governments, community organizations, and the not-for-profit sector to create the Western Canada Business Service Network (WCBSN). Through the WCBSN, WD has been able to leverage its limited financial and human resources to extend its programming to virtually every urban and rural community in the West.

The WCBSN offers over 100 points of service consisting of 90 Community Futures Development Corporations, four Women's Enterprise Centres, four Canada Business Service Centres and WD's four regional and two satellite offices. Over 1,000 volunteers are part of the network and give their time and talents to help foster the growth and development of their communities.

WD has also worked to develop and offer new programs that are creative and relevant to the needs of western Canadians. By focusing its resources on bridging the gaps in services that often prevent the growth and expansion of start-up or early stage businesses, WD has helped Western Canada outpace all other regions in small business growth. By offering a range of targeted business services, capital services and special initiatives, WD has helped foster a positive climate allowing small businesses in knowledge and export-based industries to grow and expand.

As well as fueling the growth of small businesses across the West, WD continues its reputation for excellence for leading and coordinating federal

economic initiatives in Western Canada. As well as implementing a number of initiatives in support of the national agenda, WD plays an important role in addressing key economic and community development challenges across the four provinces.

WD is a truly responsive organization when Western Canadians are in need of help. The Department continues to assist communities and individuals devastated by the massive floods in Manitoba's Red River Valley and displaced fishers affected by the changes in the West Coast Salmon fishery following the decline of the species.

It is also working to ensure all western Canadians share in the opportunities of a growing economy, with special attention to women, youth, persons with disabilities, Aboriginal peoples and the western Francophone community. In Alberta, WD provided funding to the Alberta Indian Economic Development Officers' Network to connect native economic development officers with technology to serve entrepreneurs in their communities. In Manitoba, WD provided a repayable contribution to help launch the Aboriginal Business Development Centre in Winnipeg and promote entrepreneurship for urban Aboriginal people in the city.

To increase entrepreneurial opportunities for youth and persons with disabilities, WD offers a number of programs to help entrepreneurs pursue their dreams of self-employment as well as assist communities and small businesses in employing young interns and post secondary graduates.

WD is also active in promoting linguistic duality in the West by providing western francophones with the tools needed to ensure the sustainable economic development of their communities. In Saskatchewan, WD is supporting the Conseil de la Coopération de la Saskatchewan to assist with economic development in francophone communities. In British Columbia, WD is supporting the renovating and upgrading of La Maison de la francophonie de Vancouver and the establishment of an economic development society called the "Société de développement économique de la Colombie-Britannique." Similar initiatives are underway in Alberta and Manitoba.

I am proud of Western Economic Diversification and I am confident that we will continue to develop and offer programs that are creative and relevant to the needs of western Canadians. As the new millennium approaches, WD's ability to build creative partnerships between the private and public sectors will become increasingly important to further develop and diversify the western economy and build a stronger West and stronger Canada.

Ron J. Duhamel
Secretary of State
Western Economic Diversification

C. MANAGEMENT REPRESENTATION
Report on Plans and Priorities 1999-2000

I submit, for tabling in Parliament, the 1999-2000 Report on Plans and Priorities (RPP) for Western Economic Diversification.

To the best of my knowledge the information:

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

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

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

Oryssia J. Lennie
Deputy Minister
Western Economic Diversification

Date: _____

Section II: Departmental Overview

A. Mandate, Roles and Responsibilities

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

Through the Act, Western Economic Diversification (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.

B. Objective

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

C. Operating Environment

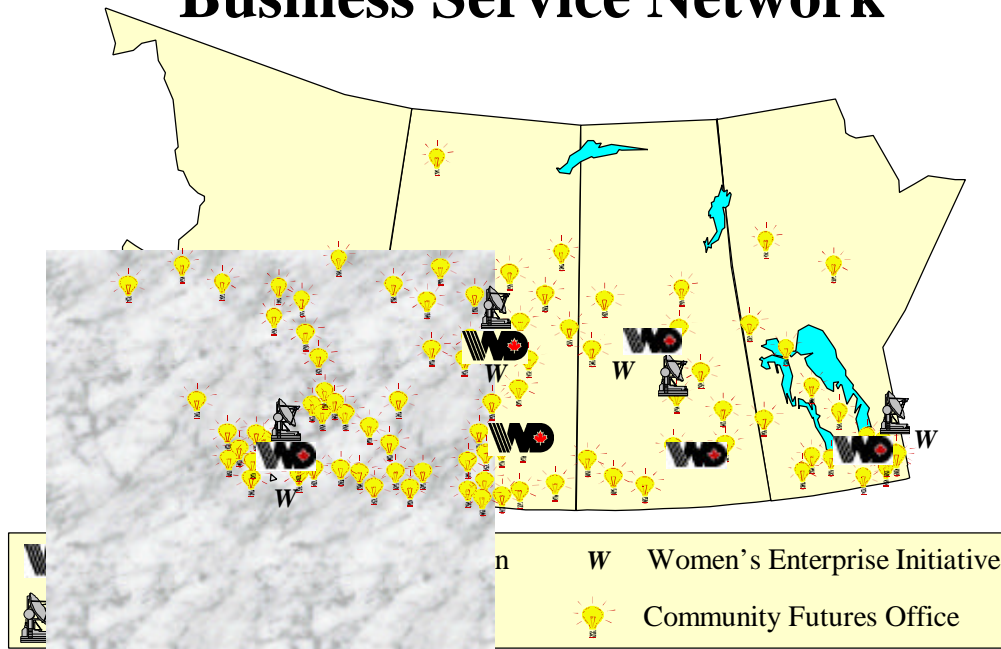
The Minister of Industry has the lead responsibility for the implementation of the Jobs and Growth Agenda. As a member of the Industry Portfolio, Western Economic Diversification Canada contributes to this objective in western Canada, through innovative programs to expand SME access to capital and business information, through the delivery of national programs, and through community-based support for entrepreneurship. One of the Department's primary contributions to the Portfolio is expanding access to service by western Canadian business people and entrepreneurs, particularly in rural and remote communities. WD's vision and values reflect this service vocation.

WD's Vision

To be leaders in delivering integrated government service to small and medium sized businesses in western Canada

Through the Western Canada Business Service Network, the Department extends the reach of federal services and provides a visible federal presence in 100 communities in western Canada. The objective is to facilitate access to all government services - to offer "single window" access to government.

Western Canada Business Service Network



The focus of WD's programs is small and medium-sized business, the engine of job creation in western Canada in recent years. Through the Western Canada Business Service Network, WD provides access to information and capital to over 300,000 small businesses and over 600,000 micro businesses which together provide jobs for over 2 million people.

WD's critical success factors in the pursuit of its mission and vision, and against which all of its activities must be measured, are the degree to which it provides western Canadians with:

- effective programs;
- excellent service;
- innovative partnerships
- efficiency; and
- continuous improvement.

WD defines excellent service from the clients' perspective: relevant and value-added to small business, timely, accessible and responsive to the changing needs of business - balanced against measures of program efficiency and effectiveness. WD responds to clients' evolving needs by continuous identification, analysis and feedback to senior management of gaps and improvements in product and service delivery.

WD's VALUES
<ul style="list-style-type: none">• "Value-added" service• Teamwork and partnership• Integrity, trust and fairness• Respect for clients and colleagues• Creativity and innovation• Personal learning• Effective communications, both internal and external

WD employees participate in department-wide efforts to define our values; values espoused throughout WD and the rest of the Western Canada Business Service Network which serve to underpin the strong commitment to client service.

The effectiveness of WD's programs lies in the department's capacity to assess changing economic trends, identify needs and opportunities, then respond to them quickly and effectively while advancing the Government's overall policy agenda. This requires an understanding of the fundamental trends that are affecting western Canada for they provide the context in which WD must operate.

The first trend is the increasing pace of change. New and evolving trading arrangements, deregulation by governments, increased connectedness through electronic data transmission, greater mobility of capital, and rapidly changing market dynamics have altered the economic fabric of western Canada. This means that WD's approach to economic development and assisting small business must be flexible enough to accommodate rapid changes in the

business and economic environment yet targeted enough to have a direct and immediate impact.

A second trend relates to the cornerstone of WD's activity: economic diversification. In the last ten years there has been significant progress toward diversification. Downstream economic activities have emerged in the resources sectors and brand new industries have emerged in western Canada. These events have resulted in a more balanced overall industrial structure. But the economy is still largely at the mercy of international commodity prices. Further, structural trends are taking place in key industries as agricultural production becomes more market oriented; the conventional oil industry gives way to oilsands projects and natural gas production and distribution; and the forestry and fishing sectors come to grips with a drastically reduced availability of feedstock. Assistance must be provided to mitigate the downside affects of structural change and to ensure western industries retain the level of productivity necessary to compete in the global economy.

A third trend relates to the way that the benefits of business prosperity are shared. Today, businesses must be increasingly sensitive to cultural and socio-economic differences among clients, stakeholders, employees, and society at large. As businesses grow and prosper it is increasingly recognizing that society only benefits if all its members share in the resulting increased prosperity. WD is carrying out an important role in bringing economic opportunity to groups in society who are sometimes left behind as casualties of economic growth. Young people, women, francophones, aboriginals, disabled people, and rural Canadians are all groups that are assisted by WD to ensure they share in opportunities for prosperity and employment.

A final trend lies in the movement from rural areas to urban centers. Urbanization has been a growing phenomenon with a corresponding depopulation of rural areas. As western Canadians and new arrivals from other countries migrate to larger cities, the need to balance development and rapid growth with lifestyle factors becomes pronounced. Revitalizing rural and one-industry communities remains a fundamental role of economic development agencies as does assisting urban centers to cope with new pressures.

Constant change; diversity, restructuring, and productivity improvements; sharing the benefits of economic prosperity; and balancing urban and rural growth are fundamental to WD's operating environment. In order to be effective in diversifying the Canadian economy, WD must be able to shift priorities, to view the economy in an inclusive manner while dealing with specific issues, and to master the changing nature of the way business is conducted.

D. Financial Spending Plan

Western Economic Diversification Canada Financial Spending Plan

(thousands of dollars)	Forecast Spending 1998-99*	Planned Spending 1999-2000	Planned Spending 2000-2001	Planned Spending 2001-2002
Program Spending:				
Western Economic Diversification	295,076	221,385	161,921	154,301
<u>Less:</u> Revenue credited to the Consolidated Revenue Fund	59,000	54,500	45,500	29,500
<u>Plus:</u> Cost of services provided by other departments/ agencies	3,265	3,189	3,189	3,189
Net Cost of the Department	239,341	170,074	119,610	127,990

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

Section III: Plans, Priorities and Strategies

A. Summary of Key Plans, Priorities and Strategies

WD is mandated to promote the development and diversification of the western Canadian economy; to coordinate federal economic activities in the West; and to reflect western Canadian interests in national decision making. It accomplishes these objectives by focusing its programs and services on the small business community in western Canada, and by ensuring that all participants in that community including women, francophones, aboriginals, disabled people, rural residents and young people have access to the information, services and capital they need to start and maintain a small business. WD is organized into seven core product areas to deliver its mandate. These areas are: capital services, information services, targeted business services, service partnerships, strategic initiatives and special projects, national programs, and legacy programs. The seven areas work together to ensure that the commitments outlined in the following table are delivered upon. Detailed plans for each core product area are presented in Section B which follows Table A.

Table A Chart of Key Results Commitments	
to provide Canadians with :	to be demonstrated by :
Economic development programs for western communities	<ul style="list-style-type: none"> • Economic development programs in partnership with: other federal partners, provincial governments, urban municipalities, communities, and strategic client groups • Economic impact of programs and partnerships
Service to small business and entrepreneurs through innovative partnerships and client centered service	<ul style="list-style-type: none"> • Jobs created, new business opportunities found • Achievement of client service standards • Client satisfaction rates • Trend in numbers of small and medium sized exporters • Degree of geographic coverage by an Integrated Service Delivery Network points (including Canada Business Service Centers, Community Futures Development Corporations and Women's Enterprise Centers) • Degree of target group coverage (e.g. youth, francophones, women, etc.)

Capital for small businesses and entrepreneurs	<ul style="list-style-type: none"> • Small business start-ups, growth rates, and longevity • Delivery efficiency • Client satisfaction rates • Utilization rates • Degree of coverage in rural areas, key growth industries and technology sectors
Help from the federal government in times of crisis	<ul style="list-style-type: none"> • Westerners' response to flood assistance (client satisfaction) • The normalization of activities in areas affected by disaster • Jobs created through economic restructuring
Representation of western interests in national decision making	<ul style="list-style-type: none"> • New procurement opportunities afforded to western Canadian business • Reflection of western interests in Canada's international and domestic policies (environment, etc.)

B. Details by Core Programs

B1. Capital Services

Objective

The objective of Capital Services is to increase small business awareness of and access to higher-risk financing, with a particular focus on the following target groups: key growth industries; technology; women; and rural entrepreneurs.

Strategy and Key Activities

The Department's strategy to meet this objective includes:

- establishing, marketing, and delivering to small business higher-risk loan/investment funds in partnership with financial institutions and other capital providers;
- providing professional services and information to assist small business develop business plans required to access financing through WD's Loan/Investment Fund program;
- funding Community Futures Development Corporations (CFDCs) and Women's Enterprise Initiatives (WEIs) so that they can make loans and provide professional services to women, aboriginal and young entrepreneurs in rural and remote communities; and

- providing general information and assistance to small business on accessing a wide variety of financing.

Outcomes	Measures
<p>Increased awareness of, and access to, capital (debt and equity) for SMEs in targeted growth sectors plus rural and women entrepreneurs and micro-businesses, leading to 1999-00 outcomes of:</p> <ul style="list-style-type: none"> a) WD Loan Funds - 475 loans, for a total of \$34 million, plus supplementary funding of \$12 million from other sources b) CFDC Loan Funds - 2,440 loans for a total of \$54 million <p>WEI Loan Funds - 180 loans for a total of \$4 million</p>	<ul style="list-style-type: none"> • Client satisfaction • Take-up rates for WD, CFDC and WEI Loan Funds • Amount of supplementary (other) funding accessed by WD clients.
<p>Improved business planning by clients.</p>	<ul style="list-style-type: none"> • Client satisfaction • Loan approval rates
<p>Effective relationships with financial partners.</p>	<ul style="list-style-type: none"> • Partner satisfaction • Take-up rates for WD, CFDC and WEI Loan Funds
<p>Effective utilization of available resources.</p>	<ul style="list-style-type: none"> • Actual versus budget
<p>Improved financial skills of WD's client service staff, focusing on:</p> <ul style="list-style-type: none"> a) Knowledge of capital markets and financing options. b) Marketing, business planning and coaching skills. 	<ul style="list-style-type: none"> • WD client satisfaction • Proportion of client services staff trained

Context

The needs of small business have been documented through exhaustive studies and consultations. These deliberations have confirmed that small businesses, particularly in soft asset new economy areas are not being well served by

traditional financial institutions. The Loan/Investment Funds program is a public/private partnership which provides patient loans and counseling services to firms in key growth areas. This initiative leverages private sector investment in higher-risk, emerging and export-oriented industries. Western Diversification funds provide loan loss reserves which are intended to maximize private sector lending to small business.

The WD Loan/Investment Funds are repayable and the repayments will be re-invested in the West. The program targets gaps in the traditional financing spectrum, and ensures a value-added role for WD by offering business planning support to applicants under the Funds. The Funds are not subsidies and are delivered on commercial terms, with lending decisions made at arms-length from WD. As such, activity under these Funds may be affected in proportion to the tightening and loosening of credit policies by financial institutions as they respond to market cycles. For example, over the past year, some of WD's financial institution partners have advised that they anticipate a possible downturn in the economy in two to three years and have begun to tighten long term credit now. This appears to be reflected in the decrease in total value of loans from a record high of \$34 million in 1997/98 to an estimated \$26 million in 1998/99.

The loans provided by the Community Futures Development Corporations and the Women's Enterprise Centers are made from investment funds provided by WD. The investment funds are repayable to the Department. The 1999/00 loan forecasts for the Community Futures Development Corporations and the Women's Enterprise Centers represent increases of 3 percent and 5 percent respectively over the 1997/98 amounts. The total loans granted for any year do reflect general economic circumstances in the target markets, and as such are subject to some downside risk.

B2. Information Services

Objective

The objective of Information Services is to increase access to business information by western Canadian small business by developing, promoting and delivering:

- business information products and services tailored to the needs of western Canadian small business; and
- strategies to broaden access to business information in the West.

Strategy and Key Activities

The Information Services Secretariat supports other WD core product areas and the Western Canada Business Services Network in providing relevant, timely information in an electronic format for use by small business and entrepreneurs. Information Services works with network members, WD staff and other organizations to find the most appropriate technology for electronic access to products and services by small business. Its strategy is to focus on three areas of results: provision of information through the WD Web site; development of electronic infrastructure including a Client Information System, Extranet and Intranet for network members; and development or identification and marketing of information products for network members and small business.

Key Activities and Projects for 1999-2000 include:

- Correspondence Tracking System
- Client Information System (CIS) Phase II – Information Delivery
- Upgrade to WD Web Site
- Interactive Exporter
- Various new information products for the Web Site
- Participate in implementation of Information Management Framework

Outcomes	Measures
<p>Western small businesses have access to an integrated information service that provides:</p> <ul style="list-style-type: none"> • information products, primarily interactive, tailored to their specific needs • referrals to sources of more specialized expertise 	<p>Trend rate of use of WCBSN information products. Small business satisfaction with:</p> <ul style="list-style-type: none"> • accessibility of the service • appropriateness and quality of the services used. • introduction of a “Third Generation “ WD Web site
<p>WCBSN members are equipped to provide high quality, consistent service to client SMEs, front line personnel understand and use the full capabilities of the information products/electronic infrastructure, through training, help desk support and information sharing.</p>	<ul style="list-style-type: none"> • Capability of Network members and WD staff to deliver the full range of information products • Trend rate of use • Satisfaction among network members

<p>An electronic infrastructure that enables all Network partners to access a collective pool of information products and tools, and provide consistent, high quality and timely service to western SMEs (with support from the IT Branch and Service Partnerships).</p>	<ul style="list-style-type: none"> • Implementation and continuing development of the electronic infrastructure, including a Phase 2 Client Information System (CIS), Extranet and Intranet • Trend rate of use, type of Network member, and types of products used • Benchmarked against other regional agencies electronic information offerings in terms of standards, access and use
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Context

The Information Services Secretariat provides value-added to small business and the Western Canada Business Service Network through its focus on linking the needs of small business with the delivery capacity of the Information Highway. As such, its key deliverables are on the collaborative development of customized electronic delivery systems such as the Client Information System for WD Client Service Officers, the Extranet for the Western Canada Business Service Network and the Intranet for WD staff, the ongoing maintenance and improvement of the WD Web site, and the support or introduction of a number of information products for small business.

The risks to achieving the outcomes are predominantly technical, requiring significant up front planning with users and the management of specific projects over an extended period. In almost all projects and products, high levels of collaboration are required with both internal and external clients, a process which can present timing and resource constraints. A number of projects are carried out with other members of the Industry Portfolio, including Industry Canada, Statistics Canada and the CBSC National Secretariat.

As for links to key results from the 1997-98 performance report, with the exception of applications developed for WD specific use (i.e. Client Information System, Correspondence Tracking, etc.) most of the work is of an ongoing nature - updating and expanding the WD Web Site, Extranet and Intranet, and working with network partners to provide tools that help them serve clients. Achievements in previous years have led to a significant increase in the use of these systems tools, which in turn has driven the need to expand and improve the offerings.

B3. Targeted Business Services

Objective

The objective is to develop and deliver Targeted Business Services to help western Canadian small and medium-sized enterprises and entrepreneurs to start and expand their businesses and target domestic and foreign markets which they may not otherwise be capable of accessing.

Strategy and Key Activities

A growing number of SMEs and entrepreneurs will be equipped with the skills and resources needed to make informed business decisions leading to enhanced success, competitiveness and increased sales of products and services in both domestic and international markets.

Outcomes	Measures
1 WD will help over 400 clients to achieve a first sale or increased sales to the international market.	Trend in the number of clients that achieve either first-time or increased export sales.
2 WD will help about 150 clients to achieve a first sale or increased sales to the domestic public sector market.	Trend in the number of clients that achieve either first-time or increased public sector sales.
3 WD will respond to and satisfy approximately 25,000 client inquiries for business information, and diagnostic and referral services.	Trend in the number of client requests satisfied.
4. WD will provide business counselling and planning services to about 3,500 clients, leading to more than 1,700 clients having completed their business planning.	Trend in the number of clients: <ul style="list-style-type: none">• using WD's business planning and counselling services.• having completed business planning to their satisfaction.
5. Businesses in western Canada will utilize the electronic One-Stop Business Registration (OSBR) system.	Trend in the number of businesses registering via OSBR, relative to all business registrants.

Context

Small business clients are looking at options to start and expand their businesses, export their goods and services, and access public sector markets in Canada. Three quarters of WD's clients report that they require small businesses services and advice, in addition to access to financing. Also, they

have requested that governments reduce regulatory burdens. WD's targeted business services are focused on:

- providing business information, diagnostic and counseling services;
- assisting clients to develop their business plans;
- preparing more western SMEs to export to international markets;
- broadening the pool of western suppliers for public sector procurements; and
- streamlining regulatory requirements affecting small businesses and entrepreneurs.

B4. Service Partnerships

The objective of Service Partnerships is to develop and maintain innovative, alternative service delivery arrangements which meet the needs of western communities and small business. WD's Service Partnerships activities focus on strengthening and expanding the Western Canada Business Service Network. WD facilitates the organization of service delivery from the client's perspective.

Strategy and Key Activities

Outcomes	Measures
Business Services: Small businesses and entrepreneurs, including target groups, have ready access to services to business.	<ul style="list-style-type: none"> • Number of points of service in WCBSN which serve rural entrepreneurs, women, aboriginal people, entrepreneurs with disabilities, francophones. • Total number of services provided/total number of clients served by WCBSN members.
Small businesses consistently receive high-quality service from Network partners.	<ul style="list-style-type: none"> • Client satisfaction level. • Service standards established.
Visibility: Small businesses recognize Network partners as a leading source of services to small business.	<ul style="list-style-type: none"> • Awareness survey. • Total number of promotional events held by WCBSN members.
Community Economic Development: Communities have access to community economic development services.	<ul style="list-style-type: none"> • Total number of community economic development projects/initiatives led by WCBSN members. • Total number of volunteers/volunteer hours.
Corporate Support of Network: Efficient and effective management of service partnerships, including	<ul style="list-style-type: none"> • Satisfaction level of Network partners. • Percentage of available funding

coordination of Network partners.	<p>committed/disbursed.</p> <ul style="list-style-type: none"> • Program administrative costs as a percentage of total program costs. • Degree to which streamlining of administrative systems improves cooperative or alternative service delivery.
WCBSN shared vision.	<ul style="list-style-type: none"> • Degree of support among Network partners of a common vision.
WCBSN investment fund strategy.	<ul style="list-style-type: none"> • Degree of redistribution of existing investment funds. • Total number of leveraging arrangements between partners and conventional lenders. • Amount of new investment funding provided to partners.

Context

WD serves its clients through over 100 offices that comprise the Western Canada Business Service Network. The network is a series of partnerships with members devoted to helping small businesses and entrepreneurs succeed, and to building communities from within. The network now offers virtually 100% geographic coverage for western Canadians. Each year, the network serves small business clients across the West and extends financing to ensure entrepreneurs in western Canada can succeed and prosper.

As noted in the 1997/98 Departmental Performance Report, each year the network meets the entrepreneurial needs of western Canadians, women, and aboriginal people. The 90 Community Futures Development Corporations made loans of \$53 million to over 2,300 rural entrepreneurs and assisted in creating or maintaining more than 6,700 jobs in rural western Canada. This included making over \$3 million in loans to more than 300 young entrepreneurs, and making over \$3.5 million in loans to almost 160 entrepreneurs with disabilities. Over the course of that same year, the four western Canada Business Service Centers handled 32,500 inquiries and recorded 29,700 web site visits each month

A potential barrier to achieving the outcomes involves the challenges of working with third party service providers to ensure accountability for results. This issue will be explored further.

B5. Strategic Initiatives and Special Projects

Objectives

The objective of the Strategic Initiatives and Special Projects area is to develop new economic development programs and initiatives for western Canada using partnerships, networks and consortia that involve industry, all orders of government, academic institutions, and research institutions. The programs and initiatives are designed to improve the overall competitiveness and productivity of western Canada and to create business opportunities for individual small businesses and entrepreneurs.

Strategy and Key Activities

In support of the Government’s economic development policy agenda, the Strategic Initiatives program coordinates economic development initiatives to address key competitiveness and productivity challenges. Over the next year, WD will continue to develop and implement specific initiatives aimed at the small business community in western Canada, and at specific target groups as identified in the former and upcoming Throne Speeches including: youth, aboriginal people, francophones, women, disabled entrepreneurs and rural Canadians. The Department will also focus on opportunities in science and technology, and on new initiatives that help maintain western Canada’s economic prosperity and increase its productive capacity and international competitiveness. It will continue to develop new projects for federal/provincial cooperation under the federal-provincial economic development agreements, and continue to develop and implement urban development agreements across the west.

Outcomes	Outcome Measures
Respond to emerging needs identified by small business and entrepreneurs.	Improved growth and profitability of western small business in specific target groups.
Good relationships with provinces, other federal departments, industry organizations, and other partners.	Partner satisfaction.
Maintaining a process for initiating, developing, implementing and tracking strategic initiatives and special projects, including setting broad strategic directions for the department’s strategic activities.	Strategies designed and implemented and strategic directions established.

Outcomes	Outcome Measures
Tracking and reporting on federal provincial economic development agreements, and urban development agreements.	Number of agreements implemented, and economic achievements of agreements.

Context

The strategic initiatives program is the linchpin between WD’s economic development activities and the priorities of the federal government and the Industry Portfolio. Sometimes strategic initiatives involve “one time” economic development activities; and on other occasions the initiatives are launched as programs that become part of WD’s core programs offerings.

The initiatives are categorized under specific theme areas, which reflect federal government and Throne Speech priorities like: aboriginal initiatives, youth initiatives, francophone initiatives, and science and technology. In 1997-98 WD developed over 30 strategic initiatives representing over \$25 million in accessible funding for western Canadians

On the theme of building partnerships, it must be noted that as reported in the department’s 1997-98 performance report, WD has renewed Western Economic Partnership Agreements with three of the western provinces. The five-year agreements will create new employment opportunities and enhance economic growth through strategic areas of mutual interest. Agreements have been signed with the provinces of Alberta, Saskatchewan and Manitoba. These three agreements will bring \$120 million in federal and provincial contributions toward economic priorities over their five year life span. Each agreement is required to undergo a full program evaluation which will provide information on the degree to which the objectives in Table A, and other objectives, are being met. Negotiations with the province of British Columbia toward an agreement are proceeding.

WD is also a party to urban development agreements in western Canada, which use a variety of methods to address economic priorities in urban centers. A significant challenge to these initiatives is the level of funding available from all partners.

B6. National Programs

Objective

The objective of national programs is to:

- create employment and renew community infrastructure through the tripartite Infrastructure Works Program; and
- mitigate the economic impact on communities affected by federal facility closures or reductions, including military base closures, by natural disasters or by changes in federal policies and programs.

Strategy and Key Activities

The strategy behind national programs is to deliver programs that sustain economic growth and jobs, and contribute to the stability of communities in western Canada as demonstrated by the outcomes and key measures presented in the following table.

Outcomes	Measures
Job creation and infrastructure renewal.	Number of jobs created Total leveraged expenditures on infrastructure
Economic adjustment in communities affected by the closure/reduction of federal facilities (such as base closures or the commercialization of the Whiteshell laboratory), changes in federal policies (such as the revitalization of the Pacific salmon fishery) and natural disasters (such as the Red River Valley flood).	Economic impacts of WD sponsored initiatives, including jobs created/maintained Preservation of key core community infrastructure such as hospitals, community centres and airport facilities Satisfaction of stakeholders/partner organizations
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.	Administrative overhead cost as a percentage of total program cost Cycle time to approve projects Client/partner/stakeholder satisfaction.
Full commitment/disbursement of available program funds	Total funding committed/disbursed

Leveraged federal funds	Total funds leveraged
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Context

Paramount among the national programs delivered by WD is the Canada Infrastructure Works Program. Since its inception, this program has created more than 35,000 jobs for western Canadians to meet the objectives set out in the above table. Over 5,000 infrastructure works projects have been approved in western Canada, and virtually all of the \$635 million funding available under the program has been committed. Activity over the coming year will focus on monitoring projects and paying claims.

National Programs also involves a variety of important economic adjustment initiatives. In past years, the department has worked with interest groups in Churchill, Manitoba to put the community on the road to a sustainable economic future. In Saskatchewan, WD is working with the community of Moose Jaw to help the community adjust to reallocations in the Department of National Defence budget. And in British Columbia WD is helping coastal fishing communities with economic adjustment. The program is also instrumental in helping areas cope with natural disasters, such as the Manitoba flood.

WD’s advocacy activity is also an important part of the national program area. Through advocacy, WD works to ensure that national policies take into account the needs of western Canadians. This is demonstrated in part in the area of federal procurement, where WD works to ensure western firms have opportunities to bid upon and secure national procurement contracts.

B7. Legacy Programs

Objective

The current objective of the Legacy Programs activity area is to maximize cash flow from repayable contributions and ensure that existing commitments are paid out in accordance with the terms of agreements approved under the Western Diversification Program and other programs while ensuring growth in client firms.

Strategy and Key Activities

The strategy and key activities of Legacy Programs involve working with client firms to ensure repayments are made promptly and in accordance with contract provisions, subject to accurately forecasting the revenues to be received from client firms, and minimizing collection costs. The outcomes and measures associated with these activities are presented in the following table.

Outcomes	Measures
Repayable contributions repaid in accordance with terms of contracts	Collect \$38 million in accordance with terms of repayable contribution agreement Economic impacts of project amendments (reprofiling of repayments) Client satisfaction
Accurate and timely revenue and expenditure forecasting	Timeliness and reliability of monthly cash flow up-dates Actual net cash flow compared to forecast net cash flow Effective project monitoring activity
Achieve lower collection costs for repayable contributions	O&M costs as a % of repayable contributions Streamlining of process / cycle time to approve amendments

Context

From 1987 to 1995, WD delivered the Western Diversification Program to businesses in western Canada. The program offered repayable contributions (a first for government programming) to firms that were developing new products, new markets, new technologies, or replacing imports. The current objective of the legacy program area is maximize the return from previously made repayable contributions, and to ensure that existing commitments are paid out in accordance with the terms of the agreements approved under existing and past programs.

A key performance measure, as noted in the above table, is the value of contributions repaid. In administering its collection activities, the department takes an approach that involves working with businesses to adapt repayment plans to business fluctuations, and ensuring, within good business practices, that businesses are given every chance to survive and contribute to economic growth. The downside risk to achieving the performance measure is the overall economic health of the business community, and the individual financial circumstances of client firms.

C. Consolidated Reporting

Sustainable Development Strategy

In 1997/98 WD completed a Sustainable Development Strategy which covers a three year period to December, 2000. The Strategy was tabled in the House of Commons in December, 1997.

The Strategy was developed in consultation with businesses and business associations, federal and provincial government departments, representatives of the academic community and environmental research institutions. The consultations also included members of WD's Western Canada Business Services Network and more than forty public stakeholders whose suggestions were factored into the final version of the Strategy.

The strategy outlines thirteen objectives that make up WD's Sustainable Development action plan. The objectives focus on three principal activities: raise awareness of sustainable development and provide others with sustainable development information; support sustainable development through co-operative action; and foster a sustainable development culture within WD.

In keeping with the action plan objective of raising awareness, WD's Sustainable Development Strategy was put on the WD Website in January, 1998. Along with an internet link to Environment Canada's website and links to Industry Canada, these sites provide a key source of information and ideas about sustainable development, WD's strategy and other relevant business information, and important legislation and regulations for western Canadian business, WD's partners, and other interested stakeholders. In the current fiscal year and beyond, WD will implement additional measures described in the strategy to enhance client and staff awareness.

WD's objective of supporting sustainable development through cooperative action have over the past year concentrated on supporting western Canadian businesses seeking to establish or expand market opportunities for environmental and related enabling technologies. One example of how this has been accomplished is the WD-TB Bank Environmental Technology Loan Program which was created through an innovative partnership to provide loan capital to environmental businesses.

Staff and management of WD continue to implement measures that support sustainable development such as internal recycling programs and the purchase of environmentally friendly goods and services. Key objectives over the next year include an internal awareness campaign, an updated Environmental Stewardship Action Plan, and participation in the development of a green procurement policy in partnership with other federal and provincial agencies.

WD's recent activities on Climate Change take a natural lead from the work already done on Sustainable Development. WD has prepared a departmental approach based on supply side action - which is the agreed upon thrust for the Industry Portfolio. This action is aimed at addressing the supply of Climate Change mitigating technologies, and increasing Canada's share of the world market for those technologies. WD's approach is built on the department's strengths: its solid working relationship with western stakeholders, its wide base of existing initiatives which can be brought to bear on the Climate Change issue, and its extensive history in science and technology activity in western Canada.

The department's approach involves a work plan that includes process items and action items. The process items are designed to position the department as a key player on the climate change file by: plugging into regional groups working on climate change issues; participating in key National Climate Change Secretariat Issues Tables (e.g. the Technology Table); and by working with the Federal and National Climate Change Secretariats.

The actions items, or deliverables, will enhance federal visibility on the file, and ultimately deliver programs or services that contribute to the national climate change agenda. For example, WD will work with its network partners across western Canada to promote awareness of climate change - particularly in rural areas. WD is also working with the Environmental Industry Associations in western Canada to identify technology gaps and barriers in conjunction with the national work being undertaken in this regard, so that western industry members can identify potential business opportunities. Another action item involves co-sponsoring the May, 1999 Combustion and Global Climate Change Conference in Calgary, which examines the issue from the technological point of view of key western Canadian industries.

Y2K Initiatives

WD has made significant progress towards ensuring that its internal systems are Y2K compliant. While not a mission critical department, by May 1997 all WD internal systems had been reviewed and either confirmed as Y2K compliant or replaced by the end of 1998. An independent review of WD's Year 2000 preparedness has also been implemented with Consulting and Audit Canada. Completion is expected in early 1999.

Following the review and other internal testing, contingency plans will be developed and implemented as required by mid-1999.

As the lead department for federal economic activities in the West, WD is also responsible for ensuring that its network partners and small business clientele are fully aware of and taking steps to address the Y2K issue. Consistent with

the Task Force 2000 recommendations, a strategy has been implemented to ensure WD's partners and clients are informed about the impacts the Y2K problem may have on their operations, and that they are also aware of the various government and industry information and resources available to help them address the problem. Results to date include:

- the addition of a Y2K component to the WD Web site in June 1998;
- feature profiles on Y2K in departmental publications;
- briefings and presentations to our delivery partners; and
- advertising in support of the SOS 2000 print campaign;

WD also played an important supporting role with *Y2K Preparedness Week*, February 8 - 16: an initiative lead by Industry Canada's Task Force 2000 Secretariat.

In support of the Task Force recommendations, WD continues to work with its partners in the Industry Portfolio to ensure a coordinated approach is taken to help resolve this important issue. Key priorities include ensuring that departmental clients who receive financial support are aware of and taking steps to address Y2K issues that may effect their operations.

Section IV: Supplementary Information

Supplementary Information

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TABLE 1: Spending Authorities - Ministry Summary Part II of the Estimates

Vote	(thousands of dollars)	1999-2000 Main Estimates	1998-1999 Main Estimates
Western Economic Diversification			
115	Operating expenditures	31,824	33,915
120	Grants and contributions	138,452	231,263
(S)	Liabilities under the <i>Small Business Loans Act</i>	21,000	44,200
(S)	Contributions to employee benefit plans	3,779	4,248
Total Agency		195,055	313,626

Personnel Information

The Department's Head Office is located in Edmonton, Alberta, co-located with the Regional Office for Alberta. There are also 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 recently been opened in Calgary and Regina.

Under the direction of an Assistant Deputy Minister, supported by dedicated units, each Office has functional leadership of one or more of the business lines/program delivery areas, as follows:

Assistant Deputy Minister, Alberta - Service Partnerships

Assistant Deputy Minister, Manitoba - Capital Services

Assistant Deputy Minister, Saskatchewan - Information Services

Assistant Deputy Minister, British Columbia - Targeted Business Services

The Strategic Initiatives and Special projects program delivery area is a shared responsibility. In addition, Regional Assistant Deputy Ministers are responsible for the regional delivery of all WD programs and services, and for line management of all regional administrative and support services.

Table 2.1 - Organizational Structure

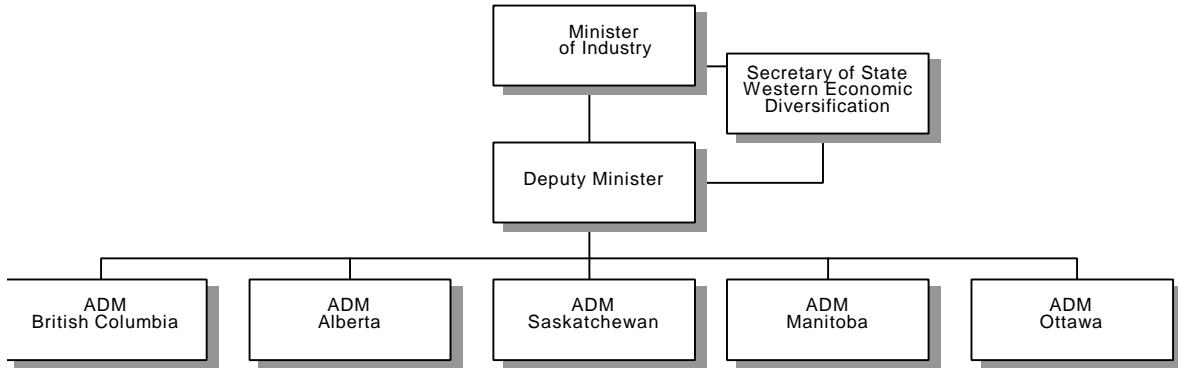


TABLE 2.2: Planned Full-Time Equivalents (FTEs) by Program

	Forecast 1998-1999	Planned 1999-2000	Planned 2000-2001	Planned 2001-2002
Western Economic Diversification	318	324	324	324

Additional financial information

TABLE 3: Departmental Summary of Standard Objects of Expenditure

(thousands of dollars)	Forecast Spending 1998-1999	Planned Spending 1999-2000	Planned Spending 2000-2001	Planned Spending 2001-2002
Personnel				
Salaries and wages	18,427	18,896	18,874	18,678
Contribution to employee benefit plans	4,248	3,779	3,774	3,735
	22,675	22,675	22,648	22,413
Goods and services				
Transportation and communications	4,139	3,027	3,000	2,168
Information	1,923	1,900	1,864	1,700
Professional and special services	7,131	5,340	4,900	4,851
Rentals	384	500	500	500
Purchased repair and maintenance	130	261	300	300
Utilities, materials and supplies	880	900	773	773
Acquisition of Machinery and Equipment	724	1,000	1,000	1,000
Other subsidies and payments	0	0	0	0
	15,311	12,928	12,337	11,292
Total operating	37,986	35,603	34,985	33,705
Transfer payments				
Voted	233,090	164,782	108,936	108,596
Statutory	24,000	21,000	18,000	12,000
	257,090	185,782	126,936	120,596
Total	295,076	221,385	161,921	154,301

TABLE 4: Program Resources for the Estimates Year

(thousands of dollars)	FTE	Budgetary			Statutory Items*	Gross Planned Spending	Less: Revenue Credited to the Vote	Net Planned Spending
		Operating	Grants and Contributions	Planned Spending				
Western Economic Diversification	324	35,603	164,782	200,385	21,000	221,385	0	221,385

* Does not include non-budgetary items or contributions to employee benefit plans that are allocated to operating expenditures.

TABLE 5: Transfer Payments

(\$ thousands of dollars)	Forecast Spending 1998-1999	Planned Spending 1999-2000	Planned Spending 2000-2001	Planned Spending 2001-2002
GRANTS				
Grants for the Western Economic Diversification Program	0	5,000	5,000	5,000
Total Grants	0	5,000	5,000	5,000
CONTRIBUTIONS				
Western Diversification Program	126,099	133,626	96,936	97,596
Canada Infrastructure Works Program	101,991	21,156	0	0
Loan Fund Program	5,000	5,000	7,000	6,000
(S) Liabilities under the Small Business Loans Act	24,000	21,000	18,000	12,000
Total Contributions	257,090	180,782	121,936	115,596
Total Transfer Payments	257,090	185,782	126,936	120,596

(S) Statutory Vote

TABLE 6: Revenue

(\$ thousands of dollars)	Forecast Revenue 1998-1999	Planned Revenue 1999-2000	Planned Revenue 2000-2001	Planned Revenue 2001-2002
Repayment of repayable contributions	36,000	38,000	32,000	20,000
Adjustment to previous years payables at year-end	1,500	0	0	0
Service fees under the Small Business Loans Act	21,000	16,000	13,000	9,000
Other Revenue	500	500	500	500
Total Revenue Credited to the CRF	59,000	54,500	45,500	29,500

TABLE 7: Net Cost of Program for the Estimates Year

(\$ thousands of dollars)	Western Economic Diversification
Gross Planned Spending	221,385
Plus:	
<i>Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services (PWGSC)	2,120
Contributions covering employees' share of insurance premiums and costs paid by TBS	1,039
Workman's compensation coverage provided by Human Resources Canada	30
	3,189
Total Cost of Program	224,574
Less:	
Revenue Credited to the CRF	54,500
1999-2000 Estimated Net Program Cost	170,074

Other Information

References

Western Economic Diversification Canada

General Inquiries
Canada Place
Suite 1500, 9700 Jasper Avenue
Edmonton, Alberta
Toll free telephone service
(in Western Canada only)
1-888-338-WEST (9378)

WD Web site
www.wd.gc.ca (english)
www.deo.gc.ca

Capital Services

Mr. Orville Buffie
Assistant Deputy Minister
Suite 712, The Cargill Building
240 Graham Avenue
Winnipeg, Manitoba
R3C 2L4
Phone: (204) 983-5715
Fax: (204) 983-4694

Targeted Business Services

Ms. Donna Mitchell
Assistant Deputy Minister
Price Waterhouse Building
700-601 West Hastings Street
Vancouver, British Columbia
V6B 5G9
Phone (604) 666-6366
Fax: (604) 666-2353

Information Services

Mr. Doug Maley
Acting Assistant Deputy Minister
119 - 4th Avenue South
Saskatoon, Saskatchewan
S7K 3S7
Phone: (306) 975-4373
Fax: (306) 975-5484

Service Partnerships - Strategic Initiatives

Mr. Gary Webster
Assistant Deputy Minister
Suite 1500, Canada Place
9700 Jasper Avenue
Edmonton, Alberta
T5J 4H7
Phone: (780) 495-4164
Fax: (780) 495-6222

Ottawa Office

Ms Judy Ferguson
Assistant Deputy Minister
200 Kent Street, 8th Floor
Ottawa, Ontario
K1P 5W3
Phone: (613) 952-7096
Fax: (613) (952-9384)