



Industry
Canada

Industrie
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Industry Canada Performance Report



For the period ending
March 31, 2002

Mano Loch

Minister of Industry

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Section 1:

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.

Today we are seeing the benefits of these investments. Our 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 the hallmark of excellence for the world.

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.

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. Industry Canada plays a key role in the Industry Portfolio and I am pleased, therefore, to present this Performance Report for 2001–02.

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 a Departmental Performance Report.

Industry Canada's five strategic objectives are: to improve Canada's innovation performance; to make Canada the most connected country in the world; to build a fair, efficient and competitive marketplace; to improve Canada's position as a preferred location for investment; and to increase Canada's share of global trade. Major accomplishments and work of the past year include:

- The release of *Achieving Excellence: Investing in People, Knowledge and Opportunity* — Industry Canada's part of *Canada's Innovation Strategy*. This paper offers a blueprint for building a stronger, more competitive economy and identifies actions that all sectors of the economy can take to improve innovation and productivity in Canada.
- The release of the report of the National Broadband Task Force. Industry Canada received \$35 million in funding for broadband expansion to support the report and continue to ensure that the advantages of the Internet are available to all Canadians.

Equally important, Industry Canada's work over the past year includes several on-going initiatives:

- Industry Canada's Marketplace Service Organizations (MSOs) work continually to modernize the rules of the marketplace, its services to clients, and the tools used to detect, prevent and deter fraudulent, unfair and deceptive behaviour.
- A strong investment climate is key to Canada's economic growth. Industry Canada supports Investment Partnerships Canada, other governments and the private sector in developing and implementing investment policy initiatives; promoting Canada to the world; attracting investment to priority markets and sectors; encouraging investment in small and medium-sized enterprises; and promoting Aboriginal businesses.
- In its role in increasing Canada's share of global trade, Industry Canada encourages small and medium-sized enterprises to export to the world and helps established companies find new markets. It also works with the Department of Foreign Affairs and International Trade to promote Canada as a trading partner of choice.

These are only a few highlights. I invite you to explore Industry Canada's Departmental Performance Report to discover the many ways that Industry Canada 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

Section 2:

Departmental Performance

2.1 Industry Canada's Business: Growing a Dynamic Economy

Canadians are experiencing changes as technology continues to influence our lives, and increasing globalization means engaging in new ways of doing business. Industry Canada's aim is to help Canadians be more productive and competitive in the knowledge-based economy. To achieve this goal, the Department has set five strategic objectives (Innovation, Connectedness, Marketplace, Investment and Trade) to promote growth in **productivity, employment and income**, and to promote **sustainable development**. In essence, Industry Canada's mandate is about growing a dynamic economy that:

- provides more and better-paying jobs for Canadians;
- supports stronger business growth through continued improvements in productivity and innovation performance;
- gives consumers, businesses and investors confidence that the marketplace is fair, efficient and competitive; and
- ensures a more sustainable economic, environmental and social future for Canadians.

Achieving these goals will help Canada thrive and prosper in the new economy.

Societal Context

In its 2001 Human Development Index, the United Nations ranked Canada third in the world in terms of quality of life. Canada can maintain this high standard of living by continuing to nurture and develop its existing strengths and assets, as well as exploring new avenues and opportunities for improving productivity and encouraging innovation.

One of the broadest indicators of a country's standard of living and economic health is real gross domestic product (GDP) per capita, an inflation-adjusted value of all the goods and services produced in a country. Canada's real GDP shows that our standard of living has grown from \$24,000 in 1981 to \$33,000 in 2001 (measured in 1997 dollars). The real output per capita has increased 2.9 percent per year since 1997. Canada and most post-industrial nations experienced a slowdown in their economies in 2001. However, an increased housing demand, healthy gains in consumer spending, a slowdown of inventory depletion, and a rebound in exports and manufacturing contributed to an annualized 6.0-percent increase in GDP in the first quarter of 2002 in Canada. This rate is more than twice that of the previous quarter and the best since the fourth quarter of 1999.

Another indicator of a country's economic health is the real disposable income per capita, influenced by productivity, employment growth and taxes. Canadians experienced a 2.3-percent annual increase in disposable income per capita between 1997 and 2001. Although our standard of living is high, the Organisation for Economic Co-operation and Development (OECD) reports that Canada's real per capita incomes have not kept pace with those of the United States. The OECD attributes this variance, in part, to the gap in productivity between the two countries.

However, the difference in incomes narrowed in 2000 and again in 2001, suggesting that the Canadian economy is moving in the right direction. We can continue to narrow this gap by exploring and investing in new opportunities that will enhance our position in the knowledge-based economy.

With respect to the labour market, Canada has experienced strong performance: more than 1.5 million new jobs were created between 1996 and 2000. This represents the highest rate of growth among the G7 countries. A year-end review shows that 13,000 more Canadians were working at the end of 2001. Although this demonstrates a modest (0.1 percent) increase in employment growth, it comes at a time when the global economy was such that many post-industrial countries experienced declines in employment rates. Another indicator of Canada's improved labour market performance is its unemployment rate, which dropped to 7.2 percent in 2001 from 9.1 percent in 1997.

How Industry Canada Contributes

“In the new, global knowledge economy of the 21st century prosperity depends on innovation which, in turn, depends on the investments that we make in the creativity and talents of our people. We must invest not only in technology and innovation but also, in the Canadian way, to create an environment of inclusion, in which all Canadians can take advantage of their talents, their skills and their ideas; in which imagination, skills and innovative capacity combine for maximum effect.”

— Jean Chrétien, Prime Minister of Canada, *Achieving Excellence: Investing in People, Knowledge and Opportunity*

Building a world-leading economy driven by innovation, imagination and talent is one of the major goals identified by the Government of Canada in the 2001 Speech from the Throne. The introduction of *Canada's Innovation Strategy* on February 12, 2002, marked a significant milestone in achieving this goal. Industry Canada, in partnership with Human Resources Development Canada (HRDC), has developed a national innovation strategy, presented in two papers — *Achieving Excellence: Investing in People, Knowledge and Opportunity* and *Knowledge Matters: Skills and Learning for Canadians* (www.innovationstrategy.gc.ca). This strategy became a basis for the government-wide agenda that seeks to build upon our strengths and values, and improve the standard of living for all Canadians.

In terms of fostering innovation and growth in productivity, Industry Canada recognizes the importance of sustainable development. The Department's Sustainable Development Strategy for 2000–03, has three main objectives: productivity through eco-efficiency, environmental technologies, and integrating sustainable development into decision making. In developing a more productive and competitive, knowledge-based economy, Industry Canada works with many stakeholders to advance innovative sustainable development initiatives related to these objectives.

Industry Canada's five strategic objectives are aimed at helping Canadians make meaningful contributions to the knowledge-based economy through improved productivity and innovation. Each of these objectives reinforces the goals of the other four in encouraging growth in our economy. (See *Industry Canada's Priorities Chart*, page 10).

Innovation

Industry Canada is working to promote the adoption of an “innovation culture” in Canada.

Innovation has always been a driving force of economic performance and social development, but its importance has become especially critical in today's knowledge-based economy. As the pace of change continues to accelerate, the creation and application of new ideas and new ways of doing things form the foundation of any country's success. To sustain and grow Canada's prosperity, we must not only create opportunities for innovation, but also capitalize on investments in innovation.

Innovation has been identified by the OECD as a major catalyst for improving productivity. Although Canada's overall level of innovation performance is lower than that of many of the world's leading economies, our performance has shown significant improvements in relation to that of other G7 members and, in some areas, is outpacing our major competitors (*see Figure 1*). During the past two decades, Canada achieved the fastest rate of growth in the number of workers devoted to research and development (R&D), in external patent applications, and in business expenditures on R&D.

Industry Canada worked to ensure that Canada continues to invest in the creation and sharing of knowledge and that new ideas are translated into economic and social benefits for all Canadians.

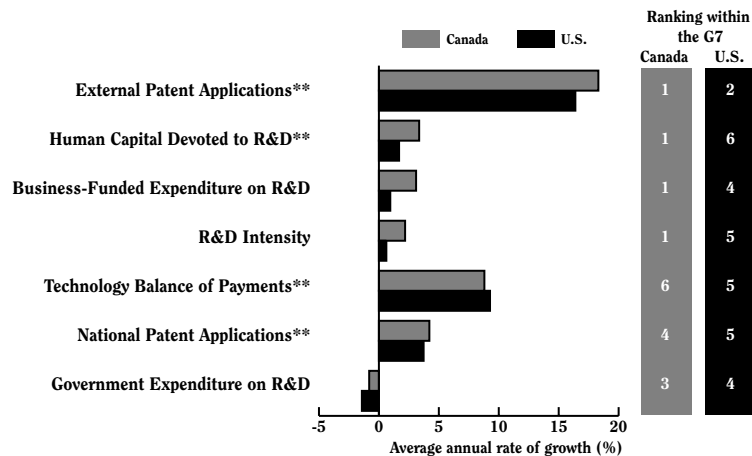
Connectedness

Connectedness is at the foundation of the knowledge economy and society.

One of the government's most fundamental objectives is to create an environment of excellence in which all Canadians can take advantage of their talents, skills and ideas. In an increasingly competitive and knowledge-based economy, Canada has long been at the forefront of providing its citizens with affordable access to an advanced information and communications infrastructure and the skills necessary to fully reap the benefits of the information age.

Figure 1: Canada's Innovation Performance

Average annual rate of growth, 1981–99*



* Or latest available year.

** Adjusted by size of labour force.

Source: OECD, *Main Science and Technology Indicators*, 2001:1 and 2001:2.

Networked businesses are well positioned to take advantage of local and global opportunities and innovations that lead to increased productivity and prosperity. Through this competitive, knowledge-based advantage, countries can offer unique products and services for trade and become attractive locations for investment.

Industry Canada is the lead department in delivering on the Connecting Canadians initiative (www.connect.gc.ca). Through innovative programs and services, Industry Canada works in partnership to connect communities, connect Canada to the world, support electronic commerce and increase the availability of Canadian content on-line.

When compared with other advanced nations, Canada is currently among the leaders in connectedness. Recognizing the benefits of a networked economy, other countries are also implementing their own agendas. According to The Conference Board of Canada's 2001 connectedness index (see *Figure 2*), Canada ranks second after the United States, for the third consecutive year. The United States leads in availability and pricing, while Canada has taken the lead for both reach and use of information and communications technologies (ICTs). Canada has a significant lead in the deployment of broadband — a technology that can facilitate productivity and growth as well as technological innovation.

Figure 2: Summary of Connectedness Index Results for 2001*

	Overall		Availability		Price		Reach		Use	
No. of Indicators	42		12		8		12		10	
Weightings	100%		20%		5%		25%		50%	
	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index
United States	1	109	1	113	1	107	2	108	3	107
Canada	2	108	2	107	3	104	1	109	1	111
Sweden	3	106	3	105	3	104	2	108	2	109
Finland	4	102	5	101	1	107	4	100	5	101
United Kingdom	5	99	5	101	7	98	5	98	6	99
Australia	5	99	4	102	9	94	5	98	4	102
Germany	7	97	7	99	5	100	8	95	7	97
Japan	8	94	8	91	10	92	7	99	8	95
France	9	93	8	91	5	100	10	92	9	90
Italy	10	92	10	90	8	95	9	94	9	90

* Rankings are based on selected indicators, subject to the availability of credible, comparable international data. These rankings are estimates based on source data that are between 6 and 18 months old.

Source: The Conference Board of Canada, 2002. (www.conferenceboard.ca)

Marketplace

A fair, efficient and competitive marketplace is the cornerstone of a healthy and dynamic economy.

Globalization is rendering economic borders increasingly transparent. Businesses around the world are looking for strategic and competitive advantages, investing and trading in markets once difficult to access and penetrate. Through the Internet, Canadians are becoming global consumers, and are more informed and demanding. They are going beyond national borders and seeking stable environments to protect investments and transactions in these uncertain times.

The challenges for Industry Canada in promoting trade, investment, innovation and connectedness include making sure that Canada's national marketplace is fair, efficient and competitive. The national marketplace must contribute to an environment of trust and confidence, where public interest is protected and marketplace policies promote incentives to innovate. Whether Canadians conduct business at home or abroad, on the Internet, face to face or through other media, Canada's infrastructure must inspire confidence, both for Canadians and for foreign nationals, especially in light of recent geopolitical events.

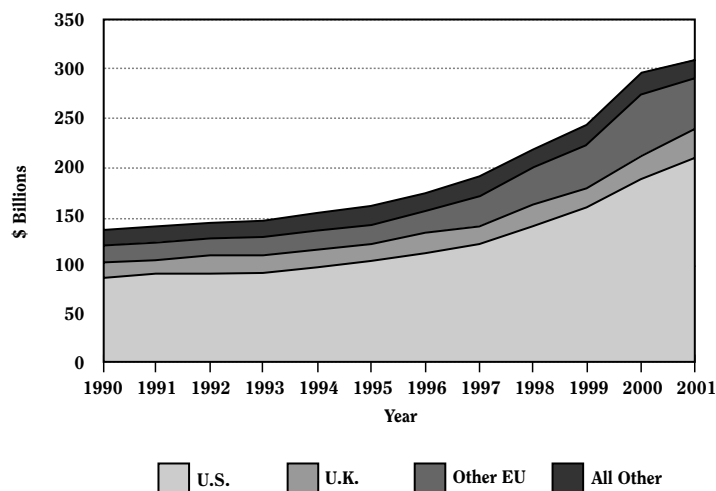
Industry Canada's marketplace service organizations are active players in the marketplace. They manage Canada's bankruptcy system, ensure that measurement devices are accurate, license and monitor the wireless industry, register and grant intellectual property rights (trademarks, patents, copyrights, industrial design and integrated circuit topographies), review mergers, stop telemarketing fraud, and represent consumer interests, to name a few of the activities they perform. They work together, and with other governments, countries and partners, to make sure that the Canadian marketplace is world-class.

Investment

Canada's economic fundamentals and relative cost advantages provide a first-rate business environment.

Analysis leading up to *Canada's Innovation Strategy* suggested that R&D done by governments is important. Governments in Canada perform 13 percent of Canada's R&D, which is considered average by the OECD. In order to improve this, the Government of Canada has committed to doubling its current level of investment in R&D by 2010. This commitment also encourages private investment. Both forms of investment are needed to encourage knowledge-based economic growth,

Figure 3: Canada's Inward Foreign Direct Investment Stock



Source: Industry Canada compilations based on Statistics Canada data.

sustainable development and further innovation. To sustain this growth, Canada is looking to both its domestic investors and the Canadian subsidiaries of foreign-owned companies.

Studies show that Canadian subsidiaries of foreign-owned companies contribute about 40 percent of all R&D in the important manufacturing sector. Consequently, foreign direct investment (FDI) is vital in the development of a knowledge-based and innovative economy.

Canada's investment stock increased dramatically from \$131 billion in 1990 to \$321 billion in 2001. Two-thirds of this investment came from the United States. The share from the European Union has jumped in recent years after some high-profile acquisitions of Canadian companies. Despite these advances, Canada's overall share of FDI coming into North America still declined significantly over the past decade. To reverse this trend and increase Canada's share of North American inbound FDI, Industry Canada continued to work in partnership to establish Canada as the destination of choice for international investment within North America and to better market this advantage to potential investors.

Trade

Canada's export growth is playing a major role in fostering knowledge-intensive, high-wage jobs.

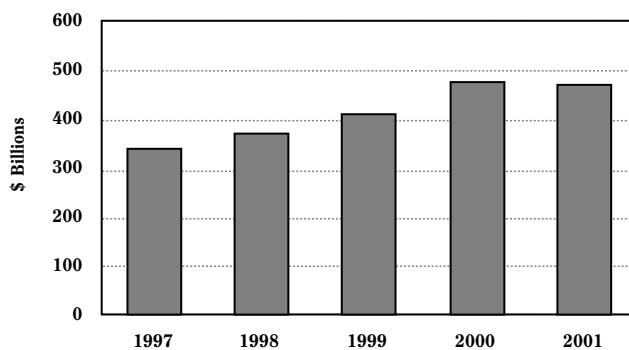
Much of Canada's economic growth in the past decade originated in the trade sector with exports accounting for 45.3 percent of Canada's GDP. In addition to generating revenues, trade improves efficiency and productivity as firms develop or adopt new technologies, and embrace new managerial methods resulting in new, high quality jobs.

Canada's exports of goods and services declined by 2.1 percent to \$467.6 billion in 2001, following nine consecutive years of growth and a record level of exports in 2000. This decline can

be attributed, in part, to the economic and trade impact of the terrorist attacks of September 11, 2001, and the downturn in the U.S. economy. The United States, Canada's most important trading partner, accounted for 77.2 percent of two-way trade in goods and services and almost 82 percent of Canada's exports to this market in 2001.

In addition to paving the way for Canadian companies to increase domestic and international trade through improved market access, Industry Canada and its partners continued to develop and improve programs, products and services, and to provide them to Canadian firms and the export community in an integrated manner.

Figure 4: Canadian Exports of Goods and Services



Source: Statistics Canada.

2.2 Partnerships Mean Success

The Department works in partnership with a variety of stakeholders in delivering its programs and services, and consults with these stakeholders in developing effective micro-economic policies. Members of the Industry Portfolio, other government departments, provincial and territorial governments, universities and colleges, non-governmental organizations (NGOs), and the relevant industrial sectors plus its many organizations are all important partners in helping Industry Canada fulfil its mandate and achieve its successes. Industry Canada will continue these cooperative partnerships to sustain Canada's economic growth and to identify new challenges and opportunities.

2.3 Financial Information

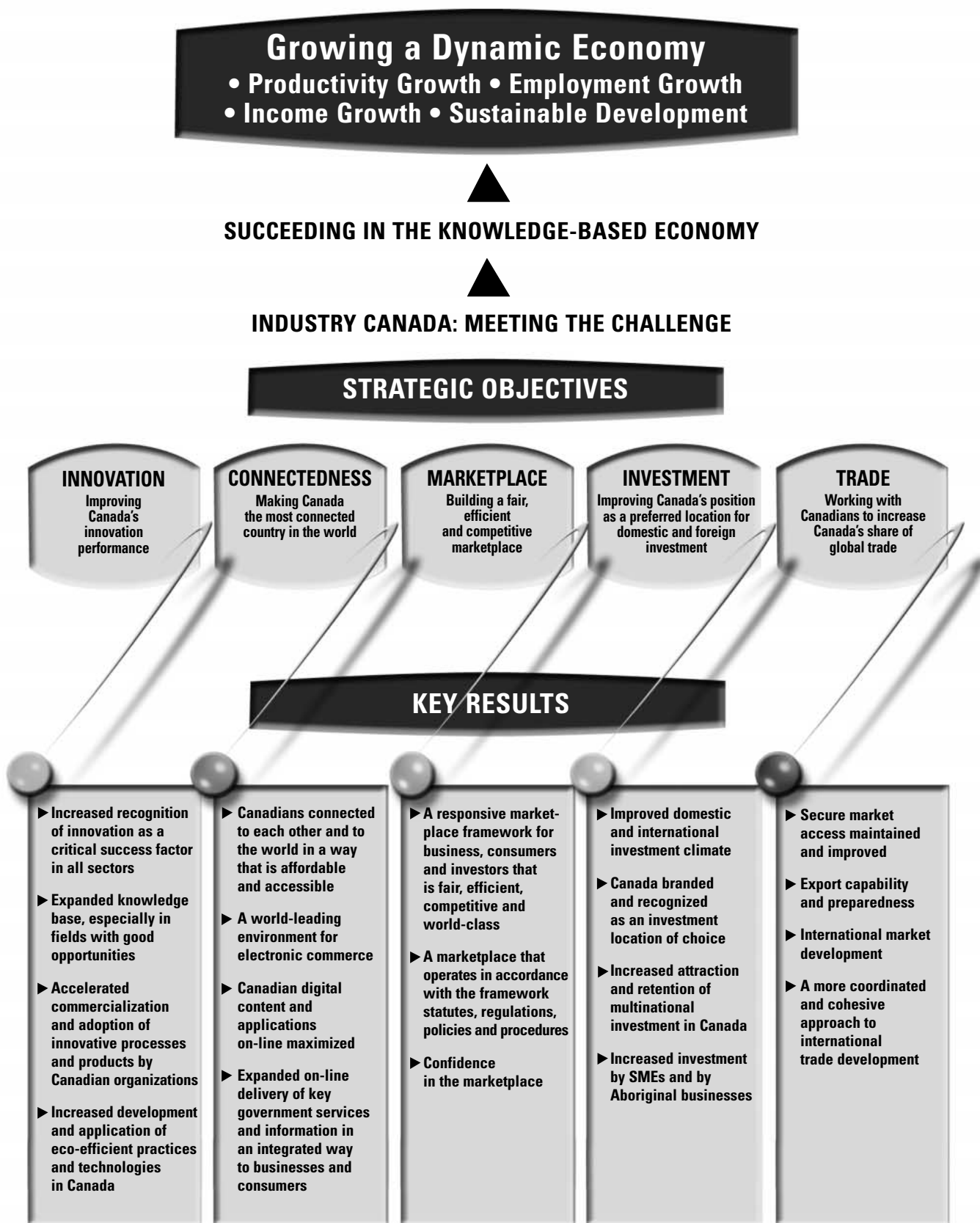
Over the past few years, Industry Canada has begun to modify its reporting structure in an effort to better account for resources allocated under its five strategic objectives. The Department recently completed a preliminary exercise to estimate the financial resources devoted to each strategic objective. The figures provided in this report for each strategic objective represent an approximate allocation of resources based only on the budgetary Main Estimates net of revenue. This exercise is a preliminary attempt to link resources to results, which should lead to improved planning and performance reporting. A more thorough breakdown of this financial information can be found in the table on page 43.

Summary of Industry Canada's Financial Performance Information

Planned Spending	\$1,206,521,000
Total Authorities	\$1,546,166,256
2001-02 Actuals	\$1,409,540,121

Industry Canada receives its budget through Main and Supplementary Estimates approved by Parliament. In 2001-02, Industry Canada's Main Estimates budget was approved at \$1,206.5 million. Through Supplementary Estimates plus other authorities, the Department received an additional \$339.7 million, for a total authority of \$1,546.2 million.

2.4 Industry Canada Priorities Chart



2.5 Performance Accomplishments

Below are highlights of Industry Canada's successes in its five strategic objectives: innovation, connectedness, marketplace, investment and trade. More detailed information on all accomplishments may be found in Appendix A.

INNOVATION

One of the most significant accomplishments of the past year was the release of Canada's Innovation Strategy, a blueprint for building a stronger, more competitive economy. The participation of all stakeholders, including governments, researchers, businesses, academia and all Canadians, is vital for its success.

Achieving Excellence: Investing in People, Knowledge and Opportunity emphasizes the importance of innovation in Canada's economy and proposes a national innovation vision. It establishes goals and targets, and outlines federal initiatives in support of the strategy.

Estimated financial resources allocated to improve Canada's innovation performance during the year 2001–02 were \$397.8 million.

Accomplishments by Key Results Commitment

Increased recognition of innovation as a critical success factor in all sectors

Industry Canada has worked to create a broad understanding of innovation and to build an innovation culture based on excellence and opportunities for all Canadians. The Department has developed a detailed diagnostic study of Canada's innovation performance along with key determinants for innovation and productivity to assist in drafting *Achieving Excellence*. The study provides the rationale for the policy directions set out in the federal government's innovation agenda.

An inclusive process was established by bringing together federal, provincial and territorial ministers to discuss innovation. The process led to the adoption by all jurisdictions of Principles for Action to make Canada one of the most innovative countries in the world. Provincial views and support for innovation helped to develop and launch *Canada's Innovation Strategy*.

Achieving Excellence is not only a strategy, but also a crucial instrument in educating Canadians on the important role innovation plays in strengthening Canada's economic performance and improving our standard of living. Its companion document, *Knowledge Matters*, outlines national goals for enhancing Canadians' participation in the workplace. Both papers are provided in electronic format on the Internet.

Technology Roadmaps

Technology roadmaps help companies identify, select and develop technology alternatives to satisfy future service, product or operational needs. Technology roadmaps were established in many areas:

- **Guide to Technology Roadmapping**, along with a brochure, is used to increase awareness in the private sector of roadmapping as an innovation tool.
- **Intelligent Buildings Technology Roadmap** focusses on energy management, office automation, indoor environment, local area networking, security and fire control.
- **Climate Change Technology Roadmaps** chart routes to lower greenhouse gas emissions, fuel cells, oil sands, and sustainable fuels and chemicals from biomass.
- **A scoping study on lean logistics** outlines the role of technology in potentially improving logistics processes, product flow and costs, and resulted in a partnership between the Canadian Association of Supply Chain and Logistics Management and Industry Canada to produce this roadmap.

(strategis.gc.ca/epic/internet/intrm-crt.nsf/vwGeneratedInterE/Home)

An interactive Web site where Canadians are encouraged to share their views on the strategy (www.innovationstrategy.gc.ca/) is a valuable tool in gathering feedback, assessing the reach of the strategy and promoting its proposals.

The government is currently engaging Canadians to identify ways we can work together to meet the national goals and objectives outlined in the strategy. This ongoing partnership is working to develop a shared vision and initiatives that will position Canada among the most innovative economies in the world.

In addition, Industry Canada produced reports and papers on productivity and innovation, and developed Internet-based tools and roadmaps to help firms become more innovative.

Expanded knowledge base, especially in fields with good opportunities

Investing in knowledge nurtures and expands Canada's knowledge base. Investments, especially in R&D, often result in high returns, especially in the growth of a skilled work force whose knowledge benefits both the public and private sectors. Despite high growth rates in business-related R&D in the 1990s, the amount of R&D funded and performed by Canadian businesses is still the second lowest among G7 countries.

While Canada spends highly on public education, data produced by the OECD show that Canada has relatively few researchers, particularly scientists and engineers, in the labour force. Industry Canada's investment in the knowledge sector is designed to increase Canada's research capabilities and to develop and support the country's knowledge infrastructure.

Industry Canada developed several proposals to strengthen Canada's R&D capacity. Many of these proposals were in *Budget 2001*, including a \$200-million payment to universities to help address the indirect costs associated with federally sponsored research, and an increase in funds for the National Research Council Canada's (NRC) regional technology centres program. Other 2001 budget investments were made in the Natural Sciences and Engineering Research Council of Canada (NSERC) and the Social Sciences and Humanities Research Council of Canada (SSHRC). Long-term research investments were also made in Canada's National Research and Innovation Network, CA*net 4.

Industry Canada is currently exploring a number of areas where it might influence and encourage further development such as in commercialization, adapting advanced technologies and biotechnology usage.

Technology Partnerships Canada

During 2001–02, Technology Partnerships Canada (TPC) approved investments of more than \$231 million in 106 projects, which are expected to leverage more than \$679 million in additional investments. Investments included:

- \$29 million in 77 projects through TPC's partnership with NRC's Industrial Research Assistance Program (IRAP) in support of SMEs;
- almost \$75 million in six sustainable development-related projects, including photovoltaics, fuel cells and energy-efficient processes; and
- over \$6 million in nine aerospace and defence supplier development program related projects.

From the program's inception in March 1996 to March 31, 2002, TPC's cumulative portfolio included projects representing an overall multiyear R&D investment of approximately \$10 billion (including \$1.9 billion from TPC). These projects are expected to create or maintain more than 36,000 jobs. TPC's active portfolio includes more than \$675 million in 365 projects with SMEs. For more information, visit www.tpc.ic.gc.ca

Accelerated commercialization and adoption of innovative processes and products by Canadian organizations

If our investments in innovation are to generate a high return, we must seize new opportunities and develop new ideas and processes. However, Canada's efforts at turning research projects into successful commercial endeavours, and adopting new technologies and methods, lag behind our competitors. While many Canadian firms are developing new and improved products for today's global marketplace, the private sector must be more aggressive in expanding its R&D capabilities and in marketing new products and services.

Industry Canada has worked to accelerate the commercialization and adoption of innovative processes and products by Canadian organizations in all sectors of the economy, through investments in research, and policies that support organizations and universities, allowing them to nurture research. Multistakeholder consultative processes responding to the key challenges and opportunities of Canadian industries, called Pathways to Growth, have been held with the environmental and biotechnology sectors. Efforts to enhance the competitiveness of these industries in the 21st century have led to the environmental industry being the first to launch its consultation on-line and to the development of an innovation strategy to address opportunities in the biotechnology sector.

In recognition of the particular difficulties that small and medium-sized enterprises (SMEs) face in bringing their ideas to the market, the Department targets many programs to SMEs to help them overcome financial and managerial obstacles. The Communications Research Centre Canada (CRC) seeks to identify and close innovation gaps in Canada's communications sector by engaging in industry partnerships, building technical intelligence, and supporting small and medium-sized high-technology enterprises. CRC support to SMEs in the broadcast industry improved Canada's digital radio and television broadcasting systems. By providing SMEs with support and access to research facilities, Industry Canada facilitates the successful commercialization of their products and services.

Increased development and application of eco-efficient practices and technologies in Canada

Environmental technologies are a dynamic and high-growth area in today's global economy, as they reduce environmental risk, increase cost-effectiveness, improve process efficiency, and create products and services that improve environmental performance. However, Canadian organizations continue to lag behind their international competitors in R&D and in adopting eco-efficient practices and environmental technologies. Industry Canada is working with its partners to encourage the development and diffusion of these technologies in Canadian industry.

The Department's efforts in promoting eco-efficiency and sustainable development in 2001–02 included delivering national workshops, launching on-line tools, and holding consultations with government, industry and academia.

Promoting Eco-Efficiency

In 2001–02, Industry Canada promoted eco-efficiency by:

- launching a new eco-efficiency Web site (strategis.gc.ca/e2) and delivering two on-line eco-efficiency assessment tools — Three Steps to Eco-efficiency for manufacturers, and an introduction to eco-efficiency;
- developing a partnership arrangement and initial Web content for Building Sustainable Enterprises — regional eco-efficiency workshops for business in partnership with the National Roundtable on the Environment and Economy, NRCan, Environment Canada, regional agency and industry partners;
- supporting new Networks of Centres of Excellence, including the Automobile of the 21st Century, to improve powertrains, reduce emissions and improve the safety of the vehicles of the future, particularly for children and elderly persons;
- developing an on-line mechanism that enables companies to register and update their information in the Canadian Environmental Solutions (CES) database. More than 350 companies have provided updates, and about 100 new companies have registered with CES.

Additional information may be found in Appendix A and at strategis.gc.ca/sd or strategis.gc.ca/e2

CONNECTEDNESS

Industry Canada is the lead department in the Connecting Canadians initiative (www.connect.gc.ca). The Department has made great strides toward its goal of making Canada the most connected country in the world. It has continued to implement activities, programs and policies related to the three pillars of a networked nation: **Infrastructure**, **Use** and **Content**. The success of this goal is dependent on the cooperation of Industry Canada's partners in other government departments, the provinces and the private sector.

Estimated financial resources allocated to make Canada the most connected country in the world during the year 2001–02 were \$174.8 million.

Accomplishments by Key Results Commitment

Pillar I: Infrastructure

Canadians connected to each other and to the world in a way that is affordable and accessible

Although the basic foundation of connectedness is in place in Canada, the bar continues to move higher. To realize the socio-economic benefits of the Internet revolution, Canada must move with it. All Canadians must be able to access an affordable, world-class information and communications infrastructure.

Broadband infrastructure and access are important components of an innovative economy, and is the foundation on which Canadian companies can build and deliver new applications and services in areas such as health, education and commerce.

As stated in *Achieving Excellence*, innovative economies, countries and companies require leading-edge infrastructures to compete in the global marketplace. In 2001–02 Industry Canada made significant progress toward achieving this goal through:

- releasing the National Broadband Task Force report, *The New National Dream: Networking the Nation for Broadband Access*, in July 2001;
- securing \$30 million in funding for the Community Access Program (CAP) and \$10 million per year for SchoolNet for 2002–03 and 2003–04; and
- allocating \$105 million in funds for broadband expansion, as provided for in *Budget 2001*, to be made available starting in the 2002–03 fiscal year.

CA*net 4

Industry Canada and CANARIE Inc., a not-for-profit corporation, announced a \$110-million funding agreement to design, develop and operate Canada's national research and innovation network, **CA*net 4**. This network will benefit the society, culture and quality of life of Canadians, while enhancing Canada's opportunities in the global knowledge-based economy. The national research network began a decade ago with **CA*net**, which allowed the simple transfer of e-mail files. Then came **CA*net 2**, which allowed the sharing of Web applications and large files. The turn of the century brought **CA*net 3**, the world's fastest, advanced optical Internet backbone, which enhanced full audiovisual sharing plus collaborative application development in computing and data environments.

CA*net 4 will be a fundamental redesign of the network and will become the world's first customer-empowered research network, providing end-users with the ability to set up and manage their own optical wavelength networks. Empowering network users in a way similar to how the personal computer empowered computer users, this new architecture will let Canadian researchers create high-capacity connections with domestic and international experiments and computing resources to support collaborative, world-class research in areas important to all Canadians, such as health, education and the environment.

Programs for Young Canadians

Youth Employment Strategy (YES) programs have been instrumental in helping Industry Canada meet its mandate by providing young Canadians with the opportunity to become innovators, entrepreneurs, and community leaders, while gaining work experience that will make them competitive in the knowledge-based economy. The following provides a brief summary:

- **Canada's Digital Collections (CDC)** funds Canadian organizations to develop Internet resources and to provide youth with ICT work experience (2,900 youth hired and 450 Web sites showcased). (collections.ic.gc.ca)
- The **Community Access Program Youth Initiative (CAP YI)** provides marketable technology-related skills to youth hired in CAP centres throughout Canada (7,000 youth hired since 1996). (cap.ic.gc.ca)
- The **Computers for Schools (CFS) Technical Work Experience Program (TWEP)** helps youth gain greater skills and access to computer technology in a learning environment (1,700 youth hired since 1997). (www.schoolnet.ca/cfs-ope)
- **Information Highway Science and Entrepreneurship Camps (ISE Camps)** hire high school and post-secondary graduates to develop and operate summer day camps for children, which focus on ICT (600 youth hired since 1997). (schoolnet.ca/ise)
- **NetCorps Canada International (NCI)** provides youth with ICT internships in developing countries (770 youth hired since 1999). (netcorps-cyberjeunes.org)
- **SchoolNet's Youth Employment Initiative (SchoolNet YI)** engages youth to support the integration and use of ICTs (2,200 youth hired). (www.schoolnet.ca/yei/e/)
- **SkillNet.ca** employs youth in the development, delivery and promotion of services for on-line learning and on-line recruitment delivered in collaboration with Industry Canada, NGOs and national associations (300 youth hired). (skillnet.ca)
- The **Student Connection Program** hires post-secondary students and recent graduates to provide Internet training and e-commerce assistance to Canadian SMEs and seniors (4,400 students hired and 117,000 clients trained since 1996). (scp-ebb.com)

Pillar II: Use

A world-leading environment for electronic commerce

Canada's goal is to be the most connected country in the world, and to provide a world-leading environment for e-commerce and the use of information and communications technologies (ICTs). E-commerce applications and systems are enabling access to new global markets and revenues, lowering transaction and distribution costs, increasing consumer choice, and improving product support and the availability of relevant information. According to Statistics Canada, in 2001, the revenue generated in Canada through e-commerce transactions increased to \$10.4 billion, up 43.4 percent from \$7.2 billion in 2000.

Industry Canada continued to maintain its leadership position in e-commerce policies for enhancing Canada's capacity to be a global centre of excellence for e-business and a leading innovative economy, while ensuring both the security and privacy protection of personal information.

Canada's Electronic Privacy Protection Legislation

Canada is the first non-European country to be formally recognized by the European Union for its electronic privacy protection legislation. In 2001–02, the European Union, in accordance with its directive on data protection, recognized that personal information on European nationals held by Canadian businesses is adequately protected by Canada's *Personal Information Protection and Electronic Documents Act (PIPEDA)*.

Industry Canada successfully led the public consultations and internal approvals on the Government of Canada's approach for the determination of "substantially similar" legislation. The final policy allows organizations located in provinces or territories that have "substantially similar" private sector legislation to be exempt from the PIPEDA for intraprovincial transactions. The policy provides for harmonization of privacy laws and encourages provinces and territories to introduce legislation in their own jurisdictions.

(strategis.gc.ca/SSG/ca01458e.html)

Reaping the Rewards of E-Business

In June 2001, Industry Canada launched two new e-business services, ebiz.enable and SourceCAN, demonstrating how the Government of Canada is delivering on its Government On-Line promises with innovative products developed with the private sector.

Serving an average of 4500 clients per month, Ebiz.enable is a public/private portal designed to increase SME e-business readiness by providing answers and solutions relevant to success in the global on-line environment. Last year, an emphasis was placed on enriching French-language components and identifying employee needs and concerns. In partnership with nine provinces and several economic development agencies, presentations on electronic business strategies were delivered to municipalities and SMEs. (www.strategis.gc.ca/ebizenable)

SourceCAN is Canada's public- and private-sector e-marketplace, connecting Canadian businesses and their capabilities with the domestic and global e-marketplace, and exposing opportunities through local and international business partnerships. International tender opportunities channelled through this initiative resulted in an excess of \$100 million in export sales for Canadian companies as of April 2002. SourceCAN is an entry point to the globalized e-marketplace for business of any size. It offers thousands of business opportunities daily, virtual trade shows, e-catalogues and advanced Web-based tools that support supply chain management, procurement and logistics. (www.sourcecan.com)

Pillar III: Content

Canadian digital content and applications on-line maximized

With the electronic infrastructure for the new economy in place, Canadians, regardless of location, will have access to improved products and services in areas such as health and education. Canadian companies will continue to benefit from the opportunity to develop, deploy and test the delivery of new, innovative applications and services over a network. Internet users will continue to have easily accessible and reliable access to seek information, services and products.

Industry Canada has continued to foster the development of Canadian-made, innovative on-line applications and services. It is imperative that we have an abundance of Canadian content in all areas of the economy and society, including culture, commerce, science, education and government.

Strategis Evaluation Study

Industry Canada's flagship Web site, Strategis, continues to be a highly relevant site, according to a recent survey. The site generates about 30,000 visits per day (9 million per year). Of those surveyed, 31 percent visited daily or several times per week and 29 percent strongly agreed that Strategis is an important business tool. Strategis has earned a high "trust mark" and the information and services offered are highly respected.

However, the study also found that Strategis is not the unique service it once was. Today, similar products are available at other sites and there is an internal perception of overlap between Strategis and other Web sites.

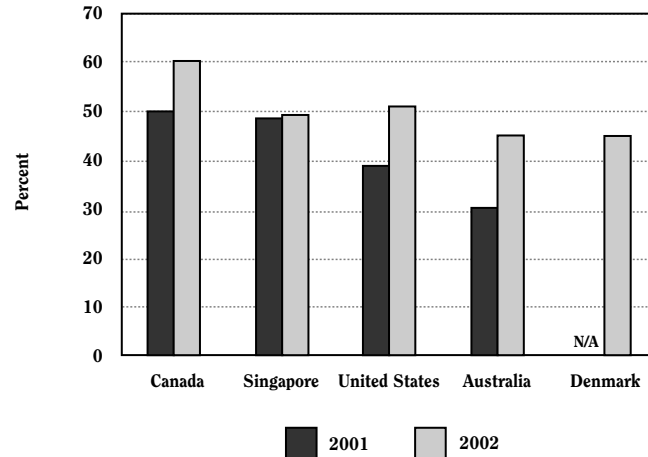
The Department has accepted the survey findings, and some operational issues are currently being addressed. During the next few months, teams led by assistant deputy ministers will be addressing the critical strategic issues in preparation for a formal departmental response to the study. (strategis.gc.ca/engdoc/main.html)

Expanded on-line delivery of key government services and information in an integrated way to businesses and consumers

The federal government is committed to using ICTs to improve services to Canadians through the Government On-Line Initiative (GOL). Industry Canada set an accelerated goal of placing all key products and services on-line by the end of 2003, two full years ahead of the government's target.

Canada continued its international lead in the area of e-government. In a recent study conducted by Accenture (www.accenture.com), Canada ranked first for the second consecutive year in providing electronic access to all federal government programs and services.

Figure 5: Overall Maturity*



* Overall Maturity is a measure of the sophistication of on-line services; the extent to which governments are incorporating techniques such as consumer relationship management, intentions-based design portal models in their online delivery.

Source: Accenture, *E-government Leadership-Realizing the vision*, April 2002.

MARKETPLACE

Industry Canada's marketplace service organizations (MSOs) are proactively modernizing the rules of the marketplace, services to clients, and the tools used to detect, prevent and deter fraudulent, unfair and deceptive behaviour.

To ensure that the Canadian marketplace — the foundation for trade, investment and innovation — remains dynamic, MSOs are addressing areas for change by engaging key target communities, including Canadian consumers and other domestic and international groups. MSOs are involved in increasing mobile wireless services through increased spectrum, stopping telemarketing fraud, assessing the effectiveness of the country's patent regime, especially for the pharmaceutical and biotechnology sectors, and providing consumers with the tools to increase their confidence in on-line purchasing.

Estimated financial resources allocated to build a fair, efficient and competitive marketplace during the year 2001–02 were \$120.8 million.

Marketplace Service Organizations

Canadian Intellectual Property Office
 Competition Bureau
 Corporations Directorate
 Marketplace Framework Policy Branch
 Measurement Canada
 Office of Consumer Affairs
 Office of the Superintendent of Bankruptcy Canada
 Spectrum, Information Technologies and
 Telecommunications Sector

Accomplishments by Key Results Commitment

A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class

For the marketplace to be responsive, to attract investment, and to protect consumers, marketplace frameworks must minimize the regulatory burden, and create incentives to innovate and discourage illegal and fraudulent marketplace behaviour. *Canada's Innovation Strategy* states that frameworks must be considered world-class from consumer, business and investor perspectives, and be seen as responsive to the changing environment.

Bill S-11, an Act to amend the *Canada Business Corporations Act and Canada Co-operatives Act*, came into force in November 2001. The Act paves the way for major improvements to corporate governance principles, including an expansion of shareholder rights and clarification of directors' and officers' responsibilities, while improving the ability of federal corporations and co-operatives to compete in the marketplace.

A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures

Deregulation in areas such as the energy sector, along with growth in demand and expansion in sectors where measurement occurs, and the proliferation of information and business activity on the Internet, require the continual review and improvement of practices, knowledge, services and interventions by MSOs. Setting the rules of the marketplace is not enough. Through partnerships and consultation, the Department ensures compliance with marketplace rules through a broad continuum of activities, including education to increase awareness, active support for voluntary compliance, the promotion of behavioural change and responsible practices, and, when appropriate, the use of direct enforcement to stop and prevent anticompetitive, fraudulent, unfair and deceptive behaviour, as evidenced by the duties performed by the Office of the Superintendent of Bankruptcy Canada (OSB) and the Competition Bureau.

In 2001, the OSB registered and supervised 105,853 new insolvencies (a 6–percent increase over 2000 figures) and supervised the closing of 90,517 insolvencies, resulting in \$284.5 million in dividends being paid to creditors (a 31–percent increase over 2000). In response to clients' concerns about the perceived level of debtor compliance and trustee diligence in realizing assets, the OSB has started assessing alternative civil and criminal intervention programs, keeping in mind the events of September 11, 2001, and decreased access to RCMP resources.

In October 2001, a Competition Bureau investigation led to the conviction of a large international company for price fixing in the sale of sodium erythorbate, a food preservative used to maintain flavour and colour in meat and other processed foods sold in grocery stores. The company paid a \$1.5–million fine.

Fines obtained since 1998 from criminal anticompetitive activity total \$160.6 million. This criminal activity, which involved price fixing, bid rigging and price maintenance, has had a significant impact on Canadian consumers. The volume of commerce affected by these schemes exceeded \$800 million, with 95 percent affected by international price-fixing cartels targeting Canada and other countries.

The Competition Bureau filed a consent order with the Competition Tribunal against the marketing practices of three parties for promoting an electronic anticorrosion device known as Total Protection. The device was subsequently removed from the market, as it did not perform as claimed. The parties agreed to cease marketing the device and to offer an extended anticorrosion guarantee, whereby affected consumers would be given the choice, by letter, to receive either a complete eight-year insurance policy or a refund. The total value to consumers was about \$500,000.

Confidence in the marketplace

Confidence in the marketplace is essential in attracting investment, fostering innovation and providing a climate in which consumers are well informed. With the speed of technological change, businesses, innovators and consumers must have access to state-of-the-art, user-friendly tools and information in order to thrive in the knowledge-based economy. For example, the Spectrum, Information Technologies and Telecommunications Sector (SITT) launched the *Canadian Cyberwise Strategy to Promote Safe, Wise and Responsible Internet Use* in February 2001. The strategy is accessible on-line (www.connect.gc.ca/cyberwise/) and is available in hard copy free of charge. In 2001, the Cyberwise Web site received 19,806 visitors. Furthermore, the booklet and summary pamphlet *Illegal and Offensive Content on the Internet* are among Industry Canada's most requested publications. In less than a year, Industry Canada had to reprint 50,000 copies of the full document and 200,000 copies of the summary pamphlet.

For Canada to continue to be a leader in the global economy, inventors need ready access to international patent information, consumers need information on product safety, and debtors and creditors need to know that the bankruptcy system is fair and effective. The Canadian Consumer Information Gateway is Canada's most extensive source of interjurisdictional consumer information available on the Internet (consumerinformation.ca). The enhanced Gateway provides access to reliable consumer information from more than 35 national and 70 non-government partners, 40 existing federal government departments and more than 250 provincial and territorial ministries and agencies.

A major addition to the Gateway is the Complaint Courier, a powerful on-line tool offering a fast new way for consumers to navigate the complaint process. Complaint-handling functions are scattered across a number of organizations and different levels of government, making the process of registering a complaint difficult.

The Complaint Courier is a convenient way to pursue a complaint. It includes an assessment tool, an outline guide to consumers' rights and responsibilities, and a "writing wizard" that helps consumers formulate an effective complaint letter. In the areas of travel, financial services and collection agencies, the Courier also provides a standardized complaint form that is channelled to the appropriate complaint-handling agency. The Complaint Courier also provides sound advice on available alternative dispute resolution mechanisms, and small claims court.

Canadian Intellectual Property Office

In 2001–02, the CIPPO Web site completed a major redesign to improve navigation, facilitate ease of use and to respond to exponential growth in usage. During the year the site recorded more than 390,000 visits including those of intellectual property professionals who made 650,000 searches on the improved Canadian Patent Database, a ten-fold increase over the previous two and one-half years, and 963,000 searches on the Trade-marks Database, a twenty-fold increase over the same period. (www.cipo.gc.ca)

An Example of Performance Management

MSOs have taken a strategic approach to assessing the marketplace. They have established a governance structure for the marketplace strategic objective, and a systematic process for performance management and reporting performance information that spans the entire spectrum of their programs, and have integrated periodic evaluations into the measurement process. With this approach, and the participation of consumers and businesses in marketplace modernization initiatives, Canadians will continue to enjoy a marketplace that inspires confidence, and one in which businesses can benefit from the potential of technology, innovation and competition.

Figure 6 on page 21, shows an example of a strategy map used by the Competition Bureau for contributing to key results commitments for the marketplace strategic objective. The map identifies the issue to be addressed, the activities pursued by the Competition Bureau and its partners in combatting telemarketing scams, and any results achieved (immediate and intermediate outcomes). Note that, as one goes higher on the chart, the outcomes are increasingly difficult to achieve and are less directly attributable to the activities of Industry Canada.

Figure 6

<p>Issue to be Addressed Total annual losses borne by Canadian consumers and businesses from all forms of telemarketing scams are estimated at \$4 billion.</p>	
<p>REACH</p> <p>Canadian and international communities</p>	<p>KEY RESULT COMMITMENTS (END OUTCOMES) FOR MARKETPLACE</p> <p>Growing a Dynamic Economy</p> <ul style="list-style-type: none"> ■ A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class. ■ A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures. ■ Confidence in the marketplace.
<p>Target sectors/ communities</p> <p>Partners/ co-deliverers/ stakeholders</p> <p>Competition Bureau, Industry Canada</p>	<p>RESULTS (IMMEDIATE AND INTERMEDIATE OUTCOMES)</p> <p>Adoption (Practice Changes/Actions)</p> <ul style="list-style-type: none"> ■ Five telemarketing cases conducted over the past three years resulted in net savings to consumers of about \$9 million, balanced against investigative costs of about \$800,000. ■ Charges have been laid against 12 companies and 46 individuals over the past three years. ■ Companies usually cease their illegal practices when their premises are searched in the course of an investigation. <p>Ability (Capacity, Knowledge, Skills)</p> <ul style="list-style-type: none"> ■ Increased awareness by consumers leads to a decrease in vulnerability and victimization and a consequent decrease in complaints to PhoneBusters and the Competition Bureau. ■ Convictions involving large volumes of commerce, fines and numbers of affected raise the general deterrent effect. <p>Awareness (Participation/Engagement)</p> <ul style="list-style-type: none"> ■ Increase in complaints as a result of information campaign. ■ Whistleblowers coming forward to provide information on deceptive telemarketing by their employers. <p>Support Climate</p> <ul style="list-style-type: none"> ■ Ontario Provincial Police, Montréal Urban Community Police Service and PhoneBusters work as partners in developing intelligence, detecting “boiler rooms” in Canada and supporting investigations. ■ RCMP can provide support in conducting wiretaps.
	<p>ACTIVITIES AND OUTPUTS</p> <ul style="list-style-type: none"> ■ <i>Competition Act</i> amendments proclaimed in 1999 made deceptive telemarketing a criminal offence with a maximum penalty of five years in prison and a fine amount set at the discretion of the court. ■ Amendments included protecting persons providing information to the Competition Bureau (whistleblowers) from disciplinary action by their employers. ■ Amendments also included judicially authorized interception, without consent, of private communications (wiretapping) to combat serious cases of deceptive telemarketing. ■ A communications campaign has been developed targeting seniors, the main telemarketing victims (“Stop Phone Fraud — It’s a Trap”).

INVESTMENT

In supporting the federal investment strategy, Industry Canada has been working with federal partners, including Investment Partnerships Canada (IPC) — a joint organization of Industry Canada and the Department of Foreign Affairs and International Trade (DFAIT) — as well as with provincial and territorial governments and agencies, and the private sector. Industry Canada's accomplishments have contributed to the development and implementation of specific initiatives related to investment policy, branding, attracting investment in priority markets and sectors, and encouraging investment by SMEs and Aboriginal businesses.

Estimated financial resources allocated to improve Canada's position as a preferred location for domestic and foreign investment during the year 2001–02 were \$366.6 million.

Accomplishments by Key Results Commitment

Improved domestic and international investment climate

Canada needs to provide a competitive business environment to attract investments worldwide. One of the challenges has been to gain a better understanding of key impediments (both real and perceived) to foreign and domestic investment in Canada. In addressing regulatory impediments, any changes made must not compromise the public interest served by those regulations, particularly in the areas of public safety and security. Other impediments can be addressed through relatively easy changes to existing regulations. In 2001–02 for example, in response to concerns raised by investors, Industry Canada worked to change the 2001 *Immigration and Refugee Protection Act*, expanding the program and making it part of Canada's immigration regime. The Department worked on this with IPC, Citizenship and Immigration Canada (CIC) and HRDC. Industry Canada also worked with other partners, including such regulators as Environment Canada and the U.S. Environmental Protection Agency, to address issues such as new substances notifications and harmonizing regulations related to chemicals.

Stronger and more strategic partnerships are needed in dealing with the investment climate. A good illustration comes from the Atlantic Canada oil and gas industry. The Department's strengthened relationships with the National Ocean Industries Association, the Offshore Technology Association of Nova Scotia and the Atlantic Canada Opportunities Agency, among other partners, all work toward increasing complementary investment and the potential for Canadian value-added activities in the development of offshore opportunities. This cooperation has been part of Industry Canada's investment strategy for the offshore oil and gas sector.

Investment Priority Sectors

By identifying and targeting priority sectors for investment, Industry Canada and its partners have been able to develop sector-specific marketing and communication strategies, including tailoring the Think Canada presentation and developing a Web-based information toolkit.

These strategies were implemented in Team Canada missions and at events such as the World Economic Forum and Forbes in Canada. In addition, to enhance the development of policies and investment decision making, a strategic framework was developed to review investment priorities, sectors and geographic markets. There were 15 IPC-led roundtables held in 2001–02 where investment action plans were established for 10 priority markets.

Industry Canada's investment priority sectors are:

- information and communications technologies (ICTs);
- life sciences;
- aerospace and defence;
- automotive industries;
- energy technologies; and
- chemicals.

Agriculture and Agri-Food Canada and Natural Resources Canada are key sectoral partners.
(www.investincanada.gc.ca)

Additionally, the Department and IPC worked closely with DFAIT, the Canada Customs and Revenue Agency, CIC, Transport Canada and provincial partners to ensure that the strategy to address the situation at the border in the post-September 11, 2001, environment did not negatively impact Canada's image as an investment location.

Canada branded and recognized as an investment location of choice

In *Achieving Excellence*, the government reinforced the importance of branding Canada as an investment location of choice. Research shows there is a lack of business awareness and consideration of Canada as a preferred investment destination. To address this challenge, Industry Canada has worked in collaboration with IPC on a government-wide branding campaign. The basic objective of the campaign was to further enhance Canada's visibility, and to better market the advantages of Canadian businesses and investing in Canada. To ensure that the campaign continued to address the key issues around branding Canada, a number of surveys were conducted to gauge investor perceptions and identify factors that would have an impact on the effectiveness of the investment policy. These included surveys in the United States in the context of branding pilot projects, additional surveys of companies or individuals proposing potential investment sites and broader groups of investors, as well as media analyses.

An important aspect of increasing FDI is identifying industrial sectors in which Canada is competitive as an investment site and that offer the greatest potential for economic benefits.

Industry Canada worked to increase awareness of Canada in a number of priority sectors (www.investincanada.gc.ca). To illustrate, the Prairies were promoted as an ICT investment destination. In September 2001, 200 venture capitalists attended the Banff Venture Forum, while a delegation of Finland's wireless leaders met in Calgary to discuss the future of wireless telecommunications and its impact on opportunities in the Alberta and Canadian economies. In Manitoba, the ongoing Project M initiative held several conferences to facilitate business among more than 350 ICT leaders from the province and Minnesota.

Another initiative to brand Canada was a senior-level, multisectoral visit to Japan. This successful tour featured several individual company visits in a number of sectors, including aerospace. It also resulted in a high-level Japanese aerospace symposium being held in Canada.

Increased attraction and retention of multinational investment in Canada

Industry Canada, with IPC and other partners, continued to use targeted investment campaigns to attract new investment and retain and expand current investment in Canada. Departmental efforts were focussed on investment opportunities in priority sectors and targeted markets and included the following.

- Twelve outgoing investment promotion campaigns led by federal deputy ministers were organized and conducted in priority markets, with 70 corporate calls made during the campaigns. In cooperation with Canadian embassies abroad, Industry Canada coordinated support services for the investment needs of targeted multinationals in Canada and overseas.

Comparing Business Costs

Industry Canada promoted the results of the recently released KPMG study comparing business costs in North America, Europe and Japan. The study found Canada to be the most economical location for business start-ups and operations in 2002, representing a 14.5-percent cost advantage over the United States. At various national and international events, the Department demonstrated Canada's attractiveness as an investment destination of choice. Industry Canada also used the results to strengthen its investment promotion activities to continue to attract and retain foreign and domestic investment. The Prime Minister and federal ministers also played key roles as branding ambassadors at various Team Canada missions, KPMG campaigns, and at the World Economic Forum in New York City. (www.competitivealternatives.com)

Due in part to the Deputy Ministers' Investment Champion Campaigns program, some 10 incoming investment missions from France, Singapore, Japan, the United States, the United Kingdom, and Germany were organized and coordinated and more than 700 investment inquiries were received from potential investors throughout the world.

- Active support was provided for the Team Canada missions in 2001–02. This program identified specific priority sectors and target markets in the United States, Japan, the United Kingdom, the Netherlands, France, Italy, Germany and Sweden.

Company Relationship Managers

Industry Canada developed an extensive network of Company Relationship Managers (CRMs) who, through roundtables, speaker series, training courses and networking events, help coordinate and develop core investment messages, contacts and opportunities. The Department also identified a need to develop a cadre of highly trained investment officers, and initiated a training program with investment partners such as Agriculture and Agri-Food Canada, DFAIT, and IPC. This program will be implemented across Canada. A CRM Toolkit to provide a one-stop-shop of information for federal officers involved in investment and trade promotion was also developed and launched.

Increased investment by SMEs and by Aboriginal businesses

A key element of the federal investment strategy is to help Canadian SMEs form international investment partnerships that allow for domestic growth. Industry Canada provides timely information, policies and services to Canadian SMEs and targeted groups, including Aboriginal people and rural communities.

Industry Canada supported SMEs and Aboriginal businesses through the development and implementation of the *Canada Small Business Financing Act*, which facilitated access to approximately 11,000 loans, generating an estimated \$1.2 billion in investment to modernize, improve or expand these businesses. Working in partnership with community-based organizations in 22 communities across Canada, Industry Canada helped prepare firms to become investor-ready and to find risk capital through the Canada Community Investment Plan. Consequently, in the past four years, nearly \$220 million has been invested in more than 340 firms outside of major financial centres. While taxpayers' funds paid part of the cost of the 22 local investment facilitation services, no public funds were used in the investments, which came entirely from private sector investors and financial services firms. Through Ontario Community Futures Development Corporations, Industry Canada provided more than 1,418 Ontario businesses with investment and business counselling services, which, in the first nine months of 2001–02, resulted in 4,280 jobs created or maintained, and \$30.1 million in investments leveraged from other sources.

Aboriginal Business Canada (ABC), a branch of Industry Canada, working through seven regional offices and 15 external delivery offices, invested more than \$30 million in Aboriginal business start-ups and expansions, leveraging more than \$50 million in additional investment. In addition, ABC worked in partnership with the Federal Economic Development Initiative for Northern Ontario (FedNor), regional agencies, and Indian and Northern Affairs Canada to deliver the Aboriginal Business Development Initiative. The program improved access to capital funds for Aboriginal businesses, and improved Aboriginal access to other federal programs.

Building 21st Century Infrastructure

Industry Canada is responsible for the implementation of the Canada–Ontario Infrastructure Program, a six-year, \$680.7-million federal investment in partnership with Ontario, its local governments and the private sector. The program's purpose is to improve citizens' quality of life by investing in urban and rural municipal infrastructure in Ontario. As its top priority, a minimum of 40 percent of program investment will be devoted to "green" municipal infrastructure, such as improvements to municipal water and wastewater systems. The program also invests in the creation of modern communities, which are key to attracting and retaining knowledge workers and building Canada's economic competitiveness. During 2001–02, the Canada–Ontario Infrastructure Program approved and announced 180 projects, for a total federal government commitment of \$125.8 million.

TRADE

Part of Industry Canada's mandate is to assist Canadians in becoming more productive and competitive in today's knowledge-based, global economy. With respect to trade, the Department promotes the benefits of exporting and helps SMEs enhance their abilities to compete at the global level. It also helps established Canadian companies pursue foreign markets and promotes Canada as a supplier of high-quality goods and services. In addition, Industry Canada works with DFAIT to defend and promote Canada's trade interests.

Estimated financial resources allocated to work with Canadians to increase Canada's share of global trade during the year 2001–02 were \$31.4 million.

Accomplishments by Key Results Commitment

Secure market access maintained and improved

A predictable and open trading environment is imperative if existing and new Canadian exporters are to be competitive in today's global marketplace. The Government of Canada is committed to bringing down barriers in key markets, ensuring continued efficient access to existing markets, and modernizing shared borders. The process of globalization has resulted in a growing number of government policy areas (traditionally considered "domestic policy" fields) becoming the subject of international discussion, cooperation and negotiation. Industry Canada is an active participant in these discussions and in partnership with DFAIT and the Department of Finance Canada, has pursued an active trade policy agenda.

In November 2001, World Trade Organization (WTO) members launched a new round of multilateral trade negotiations. Canada tabled its initial offer on services in March 2002. China was admitted to the WTO and is now bound by WTO rules that include transparency obligations as well as market access commitments for both goods and services. A draft text of the *Free Trade of the Americas Agreement* has been made publicly available and substantive progress was made in developing a detailed negotiating framework. Analysis and consultation are ongoing, with a view to tabling Canadian requests and offers during the next year. On a sectoral basis, the Department was actively involved in defending Canadian interests related to aircraft and softwood lumber.

With regards to the softwood lumber dispute, the WTO panel ruled in June 2001 that log export restraints do not confer countervailable subsidies. Canada has challenged various elements of U.S. countervail/antidumping determinations under the WTO and Chapter 19 of the North American Free Trade Agreement (NAFTA). Reports are expected in 2002.

Bilateral discussions with Brazil are continuing, with a view to reaching a resolution on aircraft subsidies. In February 2002, Canada announced it will not appeal a WTO panel report on Canadian export financing programs for its regional jets which were put in place to match support provided by Brazil for its Embraer aircraft. Brazil is now seeking, through the WTO arbitral process, an award of damages to compensate for Canada's actions.

Industry Canada plays an important role in negotiating sector-specific Mutual Recognition Agreements (MRAs) or Memoranda of Understanding (MOUs). Such agreements are especially important in the ICT sector. An estimated savings of up to six months in time-to-market and up to \$100,000 per year per product type can be achieved for Canadian companies doing business in foreign markets where MRAs exist. The effects of these agreements include dramatic

simplification of the requirements for entry into the European Union, and European Free Trade Association markets and simpler and easier access to markets in the countries of the Americas and the Asia Pacific region. Domestically, the Canadian telecommunications regulatory regime has been simplified and the Canadian regulatory model has been “exported” to various developing country regimes — a clear demonstration of the links between marketplace and trade.

Domestically, Industry Canada works closely with provincial and territorial governments to assist in removing barriers to internal trade. Progress is being made toward the inclusion of an energy chapter within the Agreement on Internal Trade.

Export capability and preparedness

Since 1993, the exporter population has grown by almost 30 percent to 38,000 exporting establishments. As in many economies, a small number of exporters account for the bulk of exports. In Canada, 4.2 percent of exporters account for 83.6 percent of exports. Data from 2000 show that slightly more than 27,000 exporters exported goods and services valued at less than \$1 million each. Most of these establishments employ fewer than 50 employees. Many of these SMEs have the potential to become exporters or to export on a regular basis.

For many of these SMEs, it is difficult to find the appropriate information to prepare themselves for the export challenge. They have many basic questions about the mechanics of exporting and getting goods across the border, and many are new to the business world. Industry Canada, especially through the International Trade Centres (ITCs) (itc.gc.ca), provides programs and services for new exporters, to increase their awareness of the benefits and mechanics of exporting, and to help them build their capacity to succeed in export markets on an ongoing basis. These SMEs can receive one-on-one export counselling or other market entry support through seminars, workshops or other events. In this fiscal year, ITCs held more than 1,000 events, attracting a total of 27,000 participants. Client surveys showed that 80 percent of participants said they would seek additional information about specific export markets, 64 percent said they would be pursuing specific export markets, and 54 percent said that they would be making adjustments in their approach to exporting.

New tools were developed to meet the information needs of exporters, including a CD-ROM toolkit for exporters used to improve their understanding, preparation and implementation of letters of credit. The initiative received a Public Service Quality Fair award for the way the Ontario ITC sought and incorporated client feedback during the development of this information tool.

International market development

Canada’s exports to the United States account for our greatest proportion of goods and services exports by far. Many new exporters look to the United States for their first exporting experience and some Canadian companies choose to target the various regions of the United States rather than pursuing off-shore markets. Canadian exporters are being encouraged to broaden their exporting efforts and about 28 percent of Canadian exporters are active in markets other than the United States. As shown in Figure 7, some

Sustainable Cities Initiative

The Sustainable Cities Initiative (SCI) is a multi-sectoral and multistakeholder team approach to trade development that focusses on the urban challenges faced by cities in developing economies. More than 340 Canadian firms, NGOs and government organizations are participating in the SCI pilot program.

Since 1999, the five pilots — Salvador, Brazil; Qingdao, China; Katowice, Poland; San José, Costa Rica; and Cordoba, Argentina — have led to the identification of \$3 billion worth of potential projects that could be implemented over seven years. Of these, \$2 billion are already being actively pursued by Canadian firms and organizations — a significant return on the government’s investment of about “\$1.5 million to date. Areas of cooperation include full-scale sustainable waste management systems, stormwater/sewer master plans/expansions, tourism initiatives, telecommunications, energy management, and urban transportation, among others.

(strategis.gc.ca/SSG/vi00007e.html)

5,000 exporters exported exclusively to non-U.S. markets. Canadian exporters wanting to increase their export business and diversify their foreign markets need information on these markets in order to make informed business decisions.

Industry Canada, working with DFAIT, co-managed Team Canada Inc's International Business Opportunities Centre (IBOC). In 2001–02,

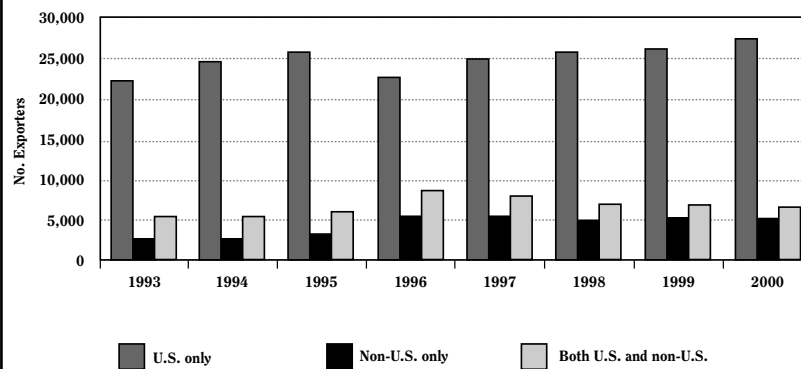
IBOC contacted more than 16,000 Canadian companies in an effort to match them with more than 5,300 international leads. This resulted in more than \$8 million in sales, and another \$5 million in potential future sales.

Canada's exports of non-resource-based products continue to increase and to account for a greater proportion of total exports. Nonetheless, Canada's reputation as a source of high-technology, value-added products needs to be strengthened. Industry Canada supports these Canadian exporters by providing market intelligence, leading trade missions, hosting related events to promote Canadian capabilities, and supporting enhanced Canadian presence at international trade shows.

A more coordinated and cohesive approach to international trade development

Industry Canada continues to be an active part of Team Canada Inc, an extensive network of 23 federal government departments and agencies, in bringing programs and services to the Canadian exporting community in a cooperative manner. In the regions, Industry Canada's ITCs work with all levels of government and other organizations through Regional Trade Networks. These partnerships are key in providing the appropriate mix of products and services to help business clients in their export development initiatives. This partnership was expanded in 2001 when MOUs on international business development were agreed to by both the Northwest Territories and Nunavut.

Figure 7: Number of Exporters by Destination of Canadian Exports



Source: Statistics Canada, International Trade Division, Exporter Registry.

Trade Team Canada Sectors

Trade Team Canada Sectors (TTCSs) are national public-private partnerships that plan and implement packages of sector-specific trade promotion activities, including trade shows, incoming and outgoing business missions, seminars and matchmaking events, in 11 priority sectors. Trade development initiatives in 2001–02 included BIO, Medica, the Paris Air Show, and the K Show, among others.

Surveys administered at events organized, in whole or in part, by the TTCSs reveal that 90.5 percent of the TTCS clients surveyed were satisfied overall with their participation at these events, especially in relation to meeting company objectives, while 86 percent expected a positive financial impact resulting from their participation.

2.6 Government-Wide Themes and Management Issues

Modernizing Comptrollership

As outlined in *Results for Canadians: A Management Framework for the Government of Canada*, modern comptrollership is one of the key priorities of the federal government's modern management agenda. Industry Canada is actively participating in the implementation of the Modern Comptrollership Initiative (MCI).

Last year, Industry Canada conducted a capacity assessment of its management practices and identified four priority areas for the implementation of the MCI: values and ethics, risk management, performance measurement, and the capacity of the functional specialist, including the role of the modern senior financial officer.

Industry Canada's key accomplishments for 2001–02 outline its progress in fostering modern management practices within the Department:

- A strategic framework is in place and an action plan has been developed to address the Department's four priorities related to implementing the MCI.
- A corporate values and ethics framework has been developed.
- Industry Canada has increased knowledge and improved performance measurement.
- The Department has increased visibility, awareness and communications related to the MCI (through intranet and Internet Web sites).

Government On-Line

The Government On-Line (GOL) initiative is committed to delivering integrated, client-centred services to Canadians by 2005. Industry Canada has set an accelerated GOL target of 2003. During the past year, the Department identified the key services that will be on-line by 2003, and progress was made in advancing on-line transformation.

In Accenture's latest report on e-government leadership, the newly designed Canada site (www.canada.gc.ca), with its three portals, was highly praised. Industry Canada contributes to the Canada site by managing the BusinessGateway portal. The latest version of the BusinessGateway, launched in spring 2002, offers business content aligned with all Canadian provinces and territories.

As Industry Canada's program delivery Internet site, Strategis is integral to meeting the GOL commitments. Strategis is also a major business and economic content contributor to the GOL gateways and cluster portals.

The September 11, 2001, terrorist attacks on the United States reinforced the importance of information technology (IT) security. Industry Canada worked to ensure that IT security was and continues to be an integral part of all GOL applications, through measures such as the Government of Canada's Threat-Risk Assessment Policy.

Moving toward providing on-line transaction services requires that institutions address back-office integration, linking and integrating the business processes of business units and corporate systems (such as financial systems) for end-to-end transactions. It also requires building secure platforms and adapting corporate culture to working in an on-line world. With its partners, Industry Canada conducted a business analysis of its departmental systems and opportunities for potential business re-engineering and culture change. From this, it developed a business case for a back-office pilot project involving the electronic processing of trademark revenues. A partnership with Treasury Board Secretariat's Secure Channel initiative offers the potential for this pilot project to yield government-wide benefits.

Citizen-Centred Service Delivery

Results for Canadians promotes the sharpening of the Government of Canada's focus on citizens when designing, delivering, evaluating and reporting on its activities. Using the elements of the Service Improvement Initiative as a guide, Industry Canada has been working toward improving its service to Canadian citizens through a variety of initiatives.

The Department has become a leader in working collaboratively with other departments and agencies, other levels of government, and the private sector to deliver client-focused services using leading-edge information products and technology, while continuing to give clients a choice of access channels.

The network of Canada Business Service Centres (CBSCs), in collaboration with provinces and territories, continues to provide an integrated access point for information on business programs, services and regulations (www.cbsc.org/annual_report). The CBSCs offer toll-free telephone service (1-888-576-4444), a Web site (www.cbsc.org), in-person service (13 centres and 380 regional access partners) and an info-fax service. The CBSCs also support a special focus on Aboriginal entrepreneurs through the Aboriginal Business Service Network. The CBSCs encourage the use of Business Gateway resources, contributing well-used Internet tools such as the Interactive Business Planner, the Online Small Business Workshop, and the Business Start-Up Assistant, geared at supporting small business start-up and growth. Consumers are also a focus of Industry Canada, as evidenced by the Canadian Consumer Information Gateway (consumerinformation.ca), another GOL initiative, which gives fast and easy access to consumer information provided by the Government of Canada and its partners.

Employees working in Industry Canada's five main regional offices and local service points, located in 50 communities (through FedNor, Community Futures Development Corporations and Aboriginal Capital Corporations offices), help to deliver the Department's products and services, and provide an important regional dimension to addressing the unique issues and concerns of the Department's diverse client base.

The Industry Canada Corporations Directorate (ICCD) has successfully launched on-line incorporation and related services that allow clients to apply for incorporation 24 hours a day, seven days a week. After two years of operations, a survey of users of the Electronic Filing Centre (EFC) was conducted in order to evaluate users' level of satisfaction. The results of the survey were used to establish baseline levels of satisfaction. Individual baselines were calculated for various components of the EFC such as the look and feel of the site, the ease of filling out forms, as well as an overall satisfaction baseline. The clients' responses were very high, resulting in an overall satisfaction baseline level of 84 percent. The survey also provided ICCD with guidance on where to focus resources in order to obtain greater benefit to those aspects of the filing centre that will maintain or enhance user satisfaction.

Talk to Us!

This innovative service simultaneously combines the Internet and telephone to collaborate on successful searches for business clients. **Talk to Us!** is now available in all provinces from the Canada Business Service Centres Web site. Yukon will be added in 2002-03. An evaluation has been conducted with positive results from clients who use the service. CBSC business information officers find **Talk to Us!** an excellent way to use the Internet to serve their clients. Other partners (federal and provincial) are looking at enhancing their Web sites by adding the CBSCs' enhanced service to their sites. (Vweb.cbsc.org/english/forms/na/talktous.jsp)

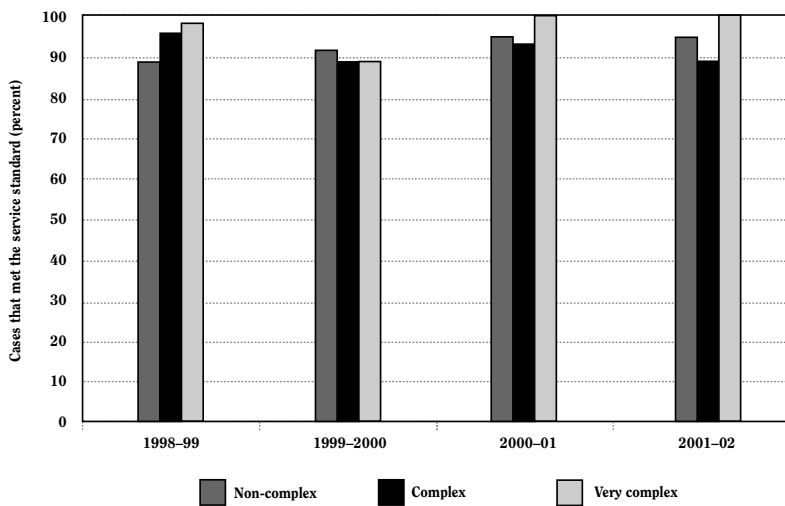
Measurement Canada evaluated the state of its modern management practices using the Modern Comptrollership Capacity Assessment criteria. The results of the assessment provided the organization with a greater understanding of the capabilities (people, skills, technology, management framework, resources, and so on) needed to respond to emerging client demands and the changing environment. Next steps include the implementation of initiatives designed to address identified opportunities for improvement.

Measurement Canada – ISO Accredited

Measurement Canada achieved ISO 9002:1994 registration for its Accreditation Program Quality Management System in 2001–02. The achievement of ISO registration reflects Measurement Canada’s commitment to using quality management principles in the delivery of its programs and services.

The Mergers Branch of the Competition Bureau established client service standards in 1997 in consultation with stakeholders. Since that time, on average, the Branch has met service standards 93 percent of the time when providing responses for non-complex merger notifications, 92 percent for complex notifications, and 97 percent in very complex cases. As indicated in Figure 8, turn-around times have improved in the non-complex and very complex categories. The implementation of service standards has helped focus Branch managers and employees on streamlining processes and procedures, and provides the tools to identify areas for improvement where the standards are not met. Stakeholders have commented on the increased quality and timeliness of responses since the implementation of service standards.

Figure 8: Meeting Client Service Standards: Merger Review



Source: Competition Bureau, Mergers Branch service standards statistics.

Exemplary Workplace

Industry Canada supported program areas through an integrated recruitment, retention and representation strategy that is responsive to program needs and reflective of the diverse population the programs serve.

Recruitment

- Recruitment strategies aimed at increasing representation included departmental participation at an Aboriginal Peoples Fair, an Employment Equity Job Fair, and a Management Trainee Program job fair with high visible minority participation. Industry Canada was promoted through a University of Ottawa sponsorship at the Jeux du Commerce, participated in campus

visits connected with the University Recruitment and Development Program, and used the Aboriginal and Visible Minority Career Assignment Program. The overall net results for hiring showed an increase in visible minority representation from 7.4 percent to 7.8 percent over the course of the year, as well as the maintenance of, or improvement in, retention. Further, the level of representation achieved was equal to or better than the labour market availability for other employment equity-designated groups.

- Bridging programs for co-op students: Industry Canada worked at building a community among students and actively marketed the program to promote long-term employment.

Retention

Industry Canada's success in delivering the programs and services that support its five strategic objectives depends on the talents, skills and motivation of its employees.

- The Leadership Development Program for the EX minus 1 level and visible minority employees at the EX minus 2 level was offered to selected employees and was actively promoted to visible minority employees.
- A Work-Life Balance Assistant Deputy Minister (ADM) Champion was appointed to address workplace well-being, in particular work-life balance. The Work-Life Program offered 36 sessions to 994 participants on a variety of topics.
- The offer of stimulating work, a positive environment, career and skills development opportunities, and leading-edge technology was at the core of the senior managers' retention strategy.
- A restructured Awards Program was approved by senior managers. Award procedures expanded to include gifts of Aboriginal art pieces and to provide opportunities to direct awards as charitable donations.

Representation

Industry Canada strives to build a work force that is representative of the population it serves.

- Diversity advisory committees (for Aboriginal people, visible minorities and women), headed by ADM Champions, conducted research and analysis and will be developing action plans to address areas such as recruitment, career development, training and retention. The ADM Champion for the Advisory Committee for Persons with Disabilities received support from the Senior Management Committee for its action plan, which focussed on accommodation guidelines and procedures, leadership and building awareness, and accessible information.
- Diversity training was offered and will be increased in 2002-03. It addresses important representation issues currently at play, as well as the critical importance of a representative work force in delivering the Department's mandate.
- A work force analysis and an employment systems review were completed. An initial draft of an Employment Equity Action Plan, addressing diversity and issues of barriers and under-representation, was prepared for consultation.

Section 41 of the *Official Languages Act*

Following an evaluation of the Department's activities in support of Section 41 of the *Official Languages Act* (www.ic.gc.ca/epublications), Industry Canada has developed a strategy for the Industry Portfolio, in collaboration with the regional development agencies, to increase the participation of official-language minority communities in its programs and services. This strategy integrated the following key activities across the Portfolio.

- A second wave of internal presentations helped to raise the awareness of Section 41 among program and service managers, and an intranet site, ProAction41 (icweb.ic.gc.ca/epic/intranet/icpa41-pa41.nsf/homepage), was created to encourage Industry Canada managers to be more proactive in terms of supporting official-language minority communities.
- Through both secondary and primary research, the Department continues to learn more about the economic development requirements of official-language communities, their experiences in accessing departmental programs and services, and what Industry Canada can do within its mandate to address their needs.
- In terms of enhancing existing programs and services, under the Interdepartmental Partnership with the Official-Language Communities program with Heritage Canada, the Department identified seven new projects to assist communities, increasing partner funding contributions sevenfold.

Section 3:

Consolidated Reporting

3.1 Materiel Management

With the implementation of the Financial Information Strategy on April 1, 2001, the Department began capturing all information related to capital assets in accordance with Treasury Board Accounting Standard 3.1 — Capital Assets. An internal audit of the opening capital asset balance and the business processes implemented to capture new capital asset activity was conducted during the 2001–02 fiscal year. The results and observations were shared with the Office of the Auditor General and reported to the Comptroller.

3.2 Procurement and Contracting

Role played by procurement and contracting in delivering programs

As in other federal departments, the objective of procurement and contracting activities in Industry Canada is to obtain goods and services, and to carry out the construction needed to deliver programs. These activities are conducted in a manner that enhances access, competition and fairness, and results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people.

At Industry Canada, the contracting authority is decentralized. As a result, branches (operational managers or some other user of purchasing services) are responsible for a wide range of purchasing activities. However, the following groups are responsible for ensuring that these activities are done effectively:

- *Contracts and Materiel Management (CMM)*: The CMM unit is responsible for the development of purchasing strategies, logistics planning, life cycle costing of acquisition alternatives, postings on MERX, and the completion of contracts.
- *Contracts Review: Program and Services Board (CR:PSB)*: The CR:PSB serves as a forum for the Department's senior officials to provide advice and support to the Comptroller in terms of corporate direction in the implementation of governmental and departmental policies, operational procedures and performance monitoring related to purchasing activities, as they are to be carried out at Industry Canada.
- *Contracts Review Secretariat (CRS)*: The CRS unit is responsible for providing secretariat services to the CR:PSB, writing policies and providing training.

In addition to the CR:PSB, both the CMM and CRS are responsible for providing advisory services, monitoring, and controlling the purchasing process to ensure its integrity with Treasury Board and departmental policies.

Department's audits and evaluations of procurement practices

Following the assessment of the Contracting Framework commissioned by the Corporate Comptroller Branch in 2000, the Audit and Evaluation Branch is committed to auditing the contracting procedures in two branches of Industry Canada every year.

Contracting practices are also being reviewed in the context of regular scheduled audits, such as program audits and regional audits.

Progress and new initiatives enabling effective and efficient procurement practices

As a result of the assessment of Industry Canada’s contracting framework, the Department has developed a management action plan to reinforce management accountability and procurement/contracting practices through control measures, training, monitoring, reporting, and further review and audit scrutiny. An immediate action took place in March 2001 with the establishment of a contract review committee. This function is assumed by the Program and Services Board. The secretariat of this committee is held by the newly created CRS of the Comptroller’s Branch.

As a result of the departmental audit of the Information Highway Applications Branch, an action plan was implemented to reinforce management accountability and practices through control measures, training, monitoring, reporting, and further review and audit scrutiny.

www.ic.gc.ca/cmb/welcomeic.nsf/icPages/Menu-e

3.3 Regulatory Initiatives

Performance of significant regulatory initiatives

Purpose of Regulatory Initiative	Expected Results	Achieved Results
<p>Radiocommunication Regulations — Non-Broadcast Radio Licensing Fee Reform</p> <p>A new licence fee structure for non-broadcast spectrum must be put in place because new technology has dictated the need for change.</p>	<p>There will be a new licence fee structure for non-broadcast spectrum that is simple and flexible for all applicants.</p>	<p>Because of some unanticipated infrastructure difficulties, the fee proposal will be delayed. In the meantime, an interim measure is being put together to address fees in low congestion areas.</p>

3.4 Sustainable Development Strategy

This section highlights Industry Canada’s sustainable development accomplishments. It includes progress made on the Department’s Sustainable Development Strategy for 2000–03 (SDS II) (see Table 1 on page 35) as well as accomplishments that go beyond those originally committed to in SDS II (see Table 2 on page 36).

SDS II commits Industry Canada to playing a leadership role and forming partnerships to promote sustainable development through the following three objectives:

- productivity through eco-efficiency;
- environmental technologies; and
- integrating sustainable development into decision making.

Table 1: Selected Accomplishments Under the 2000–03 Sustainable Development Strategy (SDS II)

Corporate Strategic Objective	Accomplishments in 2001–02
<p>1. <i>Productivity Through Eco-Efficiency</i></p> <p>Enhance the capacity of Canadian industries and firms to develop and use eco-efficient practices, tools, technologies and products that contribute to increased productivity and environmental performance.</p>	<ul style="list-style-type: none"> ■ Launched new eco-efficiency Web site (strategis.gc.ca/e2) and delivered two on-line eco-efficiency assessment tools — Three Steps to Eco-efficiency, for manufacturers, and an introduction to eco-efficiency. ■ Developed a partnership arrangement and initial Web content for Building Sustainable Enterprises, the regional eco-efficiency workshops for businesses, in partnership with the National Round Table on the Environment and Economy, Natural Resources Canada (NRCan), Environment Canada, and regional agency and industry partners. ■ Supported new Networks of Centres of Excellence, including the Automobile of the 21st Century, to improve powertrains, reduce emissions and improve the safety of the vehicles of the future, particularly for children and elderly persons. ■ Organized the first Municipal Environmental Management Systems Workshop at Globe 2002. ■ Developed an on-line registration tool to enable companies to register and update their information on-line in the Canadian Environmental Solutions (CES) database. More than 350 companies provided updates and approximately 100 new companies have registered with CES. ■ Sponsored a study, <i>Stepping Forward: Corporate Sustainability Reporting in Canada</i>, and completed initial consultations with industry associations to increase awareness and stimulate more corporate sustainability reporting by Canadian industry. ■ Sponsored the development of a corporate social responsibility (CSR) benchmarking tool for industry and supported a survey of 20 countries to obtain comparative public views on CSR.
<p>2. <i>Environmental Technologies</i></p> <p>Facilitate the development and diffusion of environmental and enabling technologies that produce long-term economic and environmental benefits.</p>	<ul style="list-style-type: none"> ■ Invested approximately \$75 million in six sustainable development-related Technology Partnerships Canada projects, including fuel cells and other clean vehicle technologies. It is expected that these projects will leverage about \$175 million from other sources. ■ Conducted regional workshops across Canada on bio-products, innovation and rural economic growth. ■ Funded 14 university research infrastructure projects, valued at \$34.5 million, through the Canada Foundation for Innovation in the fields of hydrology, environmental engineering, oceanography, evolution and ecology, soil science, and plant and tree biology. ■ Approved 22 genomics projects and platforms with \$135 million of Genome Canada support. ■ Completed medical imaging technology roadmap (TRM) and conducted a horizontal evaluation of six completed TRMs (aircraft design, forest, wood products, geomatics, medical imaging and electric power).
<p>3. <i>Integrating Sustainable Development into Decision Making</i></p> <p>Improve the integration of sustainable development objectives into decision making, including the development and delivery of departmental policies, plans and operations.</p>	<ul style="list-style-type: none"> ■ Approved the implementation of a permanent departmental program for conducting Strategic Environmental Assessments. ■ Added sustainable development to Industry Canada's Priorities Chart (<i>see page 10</i>) as a result of a decision by senior management. ■ Conducted waste audit of Industry Canada-occupied facilities in the National Capital Region. ■ Produced and distributed a promotional brochure, <i>Eco-Efficiency: Good Business Sense</i>, to highlight the economic benefits of eco-efficiency practices. ■ Provided input to the National Round Table on the Environment and the Economy's Ecological Fiscal Reform Program's Substances of Concern Working Group.

Table 2: Selected Accomplishments in Addition to Those Originally Committed to Under the 2000–03 Sustainable Development Strategy (SDS II)

- Received a Level I ranking in the *2001 Annual Report* of the Commissioner of the Environment and Sustainable Development for having a well-functioning sustainable development management system.
- Developed lean manufacturing / high performance manufacturing, nanotechnology, and resource recovery initiatives to promote the minimization or elimination of production and processing waste through eco-efficient practices and innovative environmental technology.
- Participated in a project entitled Building Capacity for Eco-efficiency and Design for Environment in the Canadian Automotive Parts Manufacturing Sector, in partnership with Natural Resources Canada, Magna International and others.
- Revised CA*net 4 funding agreement to include a clause that addresses sustainable development considerations.
- Supported eco-efficiency and eco-tourism projects through Aboriginal Business Canada.

Industry Canada’s Sustainable Development Web site offers more detailed performance information on each of the Department’s SDS II commitments. (strategis.gc.ca/sd)

3.5 Horizontal Results

The following table presents some of the key horizontal initiatives in which Industry Canada plays a significant or leadership role. Horizontal results are achieved through public policies, programs and initiatives that involve more than one jurisdiction, department or partner in working toward shared objectives.

Access to Capital (A component of the Aboriginal Business Development Initiative)
Key Commitment
Strengthen the institutional capacity of Aboriginal developmental lending institutions and foster increased availability of capital for developmental lending.
Partner(s)
Industry Canada, Canada Economic Development for Quebec Regions, Atlantic Canada Opportunities Agency, Indian and Northern Affairs Canada, Western Economic Diversification Canada
Results
For results information, please go to strategis.gc.ca/abc (Aboriginal Business Canada); www.nacca.net (Access to Capital).
Access to National Emergency Preparedness Information
Key Commitment
Facilitate the sharing and exchange of information between industry and government on common national emergency preparedness issues.
Partner(s)
Canadian telecommunications industry; provincial and municipal governments

Results
<p>Created the Canadian Telecommunications Emergency Preparedness Association (CTEPA) in partnership with the Canadian telecommunications industry. Activated the Emergency Telecommunications Operations Centre in close cooperation with the CTEPA to exchange essential information and facilitate mutual aid responses between Canada and the United States following the September 11, 2001, terrorist attacks in New York and Washington.</p> <p>Created a national database in partnership with the Canadian telecommunications industry and the federal, provincial/territorial and municipal emergency planning organizations to collect, manage and protect the essential telephone numbers against traffic overload in emergency situations.</p>
Canshare
Key Commitment
Improve cooperation and coordination among law enforcement agencies across Canada by combining information from complaints related to consumer protection or market fairness.
Partner(s)
Industry Canada, Ontario Provincial Police (Project PhoneBusters); provincial and territorial governments
Results
More than 90 alerts have been distributed to Canshare members concerning companies and individuals linked to telemarketing, Internet fraud, and unlicensed charities, among others.
Canadian Biotechnology Strategy
Key Commitment
Enhance federal leadership and management of biotechnology.
Partner(s)
Industry Canada, Agriculture and Agri-Food Canada, Canadian Food Inspection Agency, Fisheries and Oceans Canada, Department of Foreign Affairs and International Trade, Environment Canada, Health Canada, Natural Resources Canada, Canadian Institutes of Health Research, National Research Council Canada, Natural Sciences and Engineering Research Council of Canada, Social Sciences and Humanities Research Council of Canada
Results
<p>The Canadian Biotechnology Secretariat coordinated the Canadian Biotechnology Strategy (CBS). (biotech.gc.ca)</p> <ul style="list-style-type: none"> ■ Managed the third year of the CBS Fund across partner departments, which supported 33 projects on improving the stewardship of biotechnology, enhancing the benefits of biotechnology, and informing and engaging Canadians on key issues associated with biotechnology. ■ Chaired an Interdepartmental Working Group on Genetic Privacy Information that developed a government-wide policy research agenda. ■ Coordinated the process of the renewal of funding of the CBS Fund for 2002–05. ■ Prepared the Results-based Management and Accountability Framework (RMAF) for CBS, which was approved by the Biotechnology ADM's Coordinating Committee (BACC). ■ Supported the expert-based Canadian Biotechnology Advisory Committee (CBAC), (cbac-cccb.ca), issued consultation papers, held multistakeholder round tables across Canada and released two interim reports, <i>Improving the Regulation of Genetically Modified and Other Novel Foods</i> and <i>Biotechnology and Intellectual Property: Patenting of Higher Life Forms and Related Issues</i>. CBAC also convened a meeting of government departments and agencies with responsibilities in the area of stem cell research to examine areas where further research might be needed and to avoid duplication of effort.

<p>Canadian E-Business Initiative (Predecessor Initiative: Canadian E-Business Opportunities Roundtable)</p>
<p>Key Commitment</p>
<p>Engage the private sector and government in a partnership to improve conditions for e-commerce and encourage its adoption by SMEs.</p>
<p>Partner(s)</p>
<p>Membership of the predecessor Roundtable has been listed on its archived site (ebusinessroundtable.ca). Many of these individual partners are expected to continue their roles in the Canadian E-Business Initiative.</p>
<p>Results</p>
<p>Roundtable released <i>SME e-Business Information Toolkit</i>, to help small businesses overcome barriers to e-business adoption.</p> <ul style="list-style-type: none"> ■ Roundtable recommended the creation of the Government On-Line Advisory Panel, a move adopted by Treasury Board. ■ Roundtable recommended higher ownership limits for Qualified Limited Partnerships, as a means of fostering investment; the December 2001 budget echoed this call. ■ Published <i>E-Business: Success in the Post-Dot-Com World</i>, an insert in 100,000 copies of <i>Canadian Business</i> magazine. <p>After the release of its final report <i>Fast Forward 3.0: Maintaining the Momentum</i> on March 25, 2002, and the final meeting, the roundtable ceased operations. The work of the roundtable is being continued under the banner of the Canadian E-Business Initiative. (www.cebi.ca)</p>
<p>Climate Change Technology Roadmaps</p>
<p>Key Commitment</p>
<p>Promote collaboration and share knowledge among stakeholders interested in adapting their operations to climate change pressures and/or pursuing opportunities resulting from these same pressures.</p> <p>Under funding from Action Plan 2000, develop one TRM by 2003 and two additional roadmaps by 2005.</p>
<p>Partner(s)</p>
<p>Industry Canada, Environment Canada, Natural Resources Canada</p> <p>Some of the roadmaps also involve other federal government departments such as Agriculture and Agri-Food Canada and the National Research Council Canada, provincial governments such as the Ontario government, and associations such as Fuel Cell Canada and BioProducts Canada.</p>
<p>Results</p>
<p>Five roadmaps are proceeding: Chemicals and Fuels from Biomass, Fuel Cell Commercialization, Oilsands, Clean Coal, and CO₂ Capture and Storage.</p> <p>The status report on Canadian capabilities regarding climate change solutions is available at strategis.gc.ca/SSG/ea02121e.html</p>
<p>Competitive Implications of Ratifying the Kyoto Protocol</p>
<p>Key Commitment</p>
<p>Enhance the knowledge of the competitiveness implications of ratifying the Kyoto Protocol for energy and/or trade-intensive industries, and of their trade and investment vulnerabilities to competition from countries not ratifying Kyoto.</p>
<p>Partner(s)</p>
<p>Industry Canada, Natural Resources Canada, governments of British Columbia and Ontario, and an industry-led Steering Committee on Climate Change</p>

Results
Over 2001–02, the Analysis and Modelling Group's (AMG) working group on Competitiveness Analysis held 10 industry consultations. These were with industries sensitive to emissions and/or trade. The purposes of the consultations were to: <ol style="list-style-type: none"> 1) improve the competitiveness specifications of the models; 2) better understand the technological opportunities available to these industries to reduce greenhouse gas emissions; and 3) better understand trade and investment vulnerability to competition from countries not ratifying Kyoto. For AMG studies, see www.nccp.ca/NCCP/national_stakeholders/amg_e.html
G8 DOT Force
Key Commitment
Identify measures that will help bridge the digital divide between countries by participating in high-level discussions organized by the members of the G8.
Partner(s)
Industry Canada, Department of Foreign Affairs and International Trade, Canadian International Development Agency, International Development Research Centre, private companies, public representatives
Results
The DOT Force report and action plan were developed and presented to G8 leaders in July 2001. Under Canadian leadership, a framework for implementation has also been developed. Industry Canada has been coordinating the development of Canadian positions with the Department of Foreign Affairs and International Trade, the Canadian International Development Agency, the Department of Finance Canada, representatives of the private sector, and the public. (www.dotforce.org)
Intelligent Buildings Technology Roadmap
Key Commitment
Promote collaboration and share knowledge among stakeholders interested in more efficient and environmentally sustainable property construction and management.
Partner(s)
Industry Canada, Natural Resources Canada, Public Works and Government Services Canada, Canada Mortgage and Housing Corporation (CMHC), National Research Council Canada, Bell Canada, Continental Automated Building Association (CABA), Honeywell, Hydro Quebec, Network Edge Solutions, Siemens Energy and Automation, Tridel
Results
The roadmap has been completed and the CABA Intelligent Building Council has been created to help develop the recommendations in the roadmap.
Lawful Access
Key Commitment
Ensure that Canadian companies remain competitive in international markets, by conducting research and analysis, and consulting with them on approaches to lawful access to communications.
Partner(s)
Industry Canada, Department of Justice Canada, Solicitor General Canada

Lawful Access (Cont'nd)
Results
Extensive industry analysis has been conducted for wireline and wireless communications, cryptography, and the Internet. Analysis has been conducted on the different approaches taken to lawful access in other countries and on the domestic approach with respect to the wireless industry. (e-com.ic.gc.ca/english/crypto/631d15.html)
Project Emptor
Key Commitment
Target cross-border deceptive telemarketing and deceptive mail operations, through a collaborative enforcement initiative of Canadian and U.S. law enforcement agencies.
Partner(s)
Industry Canada, RCMP, Auditor General of British Columbia, U.S. Federal Trade Commission, U.S. Federal Bureau of Investigation
Results
Nine illegal telemarketing activities have been shut down, 16 people have been criminally charged or civilly sued, and more than \$19 million in cash or assets has been seized.
SchoolNet GrassRoots Program
Key Commitment
Facilitate the integration of ICTs into K–12 learning and teaching. Contribute to the development of the skills and spirit of innovation of Canada's youth by stimulating the use of the Internet and ICTs in a classroom learning environment.
Partner(s)
Federal, provincial and territorial governments; universities; education associations; not-for-profit organizations and the private sector
Results
More than 30,000 innovative on-line learning projects that integrate ICTs have been developed and implemented by Canadian K–12 students. Studies undertaken by the Conference Board of Canada, the TeleLearning Network Inc., and Memorial University support the impact of the GrassRoots model for enabling e-learning in the classroom and helping to build a capacity for innovation. <i>See pages 15 and 60.</i> (www.schoolnet.ca/grassroots)
SkillNet.ca
Key Commitment
Work with non-profit organizations and national associations to integrate the Internet and ICTs into their services. Work with partners to deliver Web sites and services, in areas such as on-line recruitment and on-line learning, to markets unserved by commercial providers.
Partner(s)
Industry Canada, Canadian Aviation Maintenance Council, Canadian Medical Association, Canadian Tourism Human Resources Council, Canadian Virtual University, Canadian Virtual College Consortium, Centre for Education and Training, Cultural Human Resources Council, Federation of Saskatchewan Indian Nations, Volunteer Canada

Results
<p>SkillNet.ca registered more than 50,000 employers and 250,000 job seekers with the network.</p> <p>Each month an average of 10,000 new employers and job seekers register with SkillNet.ca sites. (www.skillnet.ca)</p>
SourceCAN
Key Commitment
<p>Help Canadian businesses tap into the global marketplace and realize their share of on-line trade, by matching Canadian products and services with worldwide business opportunities, and by offering foreign firms a comprehensive and up-to-date Canadian capabilities database.</p>
Partner(s)
<p>Indian and Northern Affairs Canada, Public Works and Government Services Canada, Atlantic Canada Opportunities Agency, Canada Customs and Revenue Agency, Canada Economic Development for Quebec Regions, Canada Post Corporation, Export Development Canada, International Business Opportunities Centre, Government of Alberta, Government of New Brunswick, Government of Newfoundland and Labrador, Government of Nova Scotia, Ontario Exports Inc., AT&T Canada, Canadian Chamber of Commerce, Canadian Federation of Independent Business, Canadian Manufacturers and Exporters, BANCOMEXT, China Bidding, ChinaProducts.com, EuroTrade, Hong Kong Trade Development Council (HKTDC), JETRO, U.S. Chamber of Commerce</p>
Results
<p>Partnerships: MOUs being negotiated with nine provinces and two municipalities; three new partnerships with federal departments (total of eight); four private sector partners added (total of seven); three industry associations added (e.g. Canadian Construction Association, representing 40 percent of Canadian Tenders) some 5,500 foreign companies and 10,000 additional Canadian companies have been registered.</p> <p>Some 38,000 clients are served per week and the numbers are rising.</p> <p>Approximately 40 presentations, training sessions, info fairs and trade show displays were held.</p> <p>Initiatives since September 11, 2001: U.S. Chamber of Commerce — linking SourceCAN with U.S. members; working agreement with BuyUSA (U.S. Commerce Department's equivalent of SourceCAN) and IBM Canada; JETRO (Japanese Government Business Opportunities Initiative) Partnership Development. (www.sourcecan.com)</p>
Student Connection Program (SCP)
Key Commitment
<p>Stimulate adoption of Internet and e-business practices by Canadian SMEs and seniors, while providing practical, on-the-job technology and business experience for Canadian college and university students and recent graduates.</p>
Partner(s)
<p>Industry Canada, Human Resources Development Canada, Association of Canadian Community Colleges, universities and colleges, the private sector</p>
Results
<p>To date, more than 117,000 business clients and seniors have benefited from Internet and e-commerce training.</p> <p>SCP has hired more than 4,400 young Canadians and provided them with the opportunity to showcase their abilities to potential employers, thereby easing their transition from school to work.</p> <p>In collaboration with partners, and through its E-Commerce First Step suite of services, SCP encourages businesses to adopt and use e-commerce. (scp-ebb.com)</p>

Team Canada Inc
Key Commitment
Create jobs and prosperity by assisting Canadian firms in taking full advantage of international business opportunities, and by facilitating the flow of investment and technology.
Partner(s)
Industry Canada, Agriculture and Agri-Food Canada, Atlantic Canada Opportunities Agency, Business Development Bank of Canada, Canada Customs and Revenue Agency, Canada Economic Development for Quebec Regions, Canada Mortgage and Housing Corporation, Canadian Commercial Corporation, Fisheries and Oceans Canada, Canadian International Development Agency, Department of Canadian Heritage, Department of Foreign Affairs and International Trade, Environment Canada, Export Development Corporation, Human Resources Development Canada, Indian and Northern Affairs Canada, National Farm Products Council, Natural Resources Canada, National Research Council of Canada, Public Works and Government Services Canada, Statistics Canada, Transport Canada, Western Economic Diversification Canada
Results
For results information, please go to exportsource.gc.ca
Technology Roadmap (TRM) Secretariat with the TRM Network and TRM Web Site
Key Commitment
Promote collaboration and share knowledge among stakeholders interested in determining the future needs of high-technology industries.
Partner(s)
Industry Canada, Environment Canada, Health Canada, Human Resources Development Canada, Natural Resources Canada, Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Defence Research and Development Canada, National Research Council Canada, Natural Sciences and Engineering Research Council of Canada, Technology Partnerships Canada
Results
Partnerships with other government departments have been strengthened. There are now provisions for a central repository for information and action.
Industry Canada is the government's central source for information about technology roadmaps. (strategis.gc.ca/trm)

Section 4:

Financial Performance

4.1 Matching Resources to Strategic Objectives

The Department recently completed a preliminary exercise to estimate the financial resources devoted to each strategic objective. The figures provided in the following table represent an approximate allocation of resources based only on the budgetary Main Estimates net of revenue. This exercise is a preliminary attempt to link resources to results, which should lead to improved planning and performance reporting.

Departmental Resource Allocation by Strategic Objective

Departmental Resource Allocation (\$ Millions)	Innovation	Connectedness	Marketplace	Investment	Trade	Corporate Management & Governance	Sector Total
Main Estimates* 2001-02							
Industry Canada Sectors	Total	Total	Total	Total	Total	Total	Total
Policy Sector	\$9.7	\$0.0	\$19.7	\$0.8	\$4.0	\$1.7	\$35.9
Industry Sector	\$14.4	\$7.5	\$0.4	\$17.1	\$8.8	\$4.8	\$53.0
Competition Bureau	\$0.0	\$0.0	\$28.7	\$0.0	\$0.0	\$0.0	\$28.7
SITT Sector	\$2.7	\$120.9	\$27.6	\$4.9	\$7.7	\$0.0	\$163.8
Operations Sector	\$0.0	\$0.0	\$40.3	\$337.8	\$10.7	\$21.9	\$410.7
Investment Partnerships Canada	\$0.0	\$0.0	\$0.0	\$6.0	\$0.0	\$0.0	\$6.0
Communication Research Centre Canada	\$3.0	\$29.6	\$0.0	\$0.0	\$0.0	\$0.0	\$32.6
Technology Partnerships Canada	\$367.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$367.5
Office of Consumer Affairs	\$0.0	\$0.0	\$4.1	\$0.0	\$0.0	\$0.0	\$4.1
Other**	\$0.5	\$16.8	\$0.0	\$0.0	\$0.2	\$85.9	\$103.4
Total	\$397.8	\$174.8	\$120.8	\$366.6	\$31.4	\$114.3	\$1,205.7

* Figures are based on budgetary Main Estimates for 2001-02, exclusive of Supplementary Estimates and revenues. Grants and Contributions and Employee Benefit Plan are included.

** Includes organizations such as the Chief Information Office, Comptroller's Branch and Human Resources Branch.

4.2 Financial Summary Tables

The information in the following financial tables is presented in accordance with the Department's approved Planning, Reporting and Accountability Structure (PRAS) and corresponds to its three principal lines of business: Micro-Economic Policy, Industry Sector Development, and Marketplace Rules and Services. Readers interested in learning how the Department's business lines correspond to its five strategic objectives will find the information on the Department's Web site. (www.ic.gc.ca/crosswalk)

Table 1	Summary of Voted Appropriations
Table 2	Comparison of Total Planned Spending to Actual Spending
Table 3	Historical Comparison of Total Planned Spending to Actual Spending
Table 4	Revenues (Respendable and Non-Respendable)
Table 5	Statutory Payments
Table 6	Transfer Payments
Table 7	Loans, Investments and Advances
Table 8	Revolving Fund Financial Summaries
Table 9	Contingent Liabilities

FINANCIAL TABLE 1: Summary of Voted Appropriations

Financial Requirements by Authority

(millions of dollars)

Vote	Planned Spending 2001-02	Total Authorities* 2001-02	Actual 2001-02
Industry Canada Program			
1 Operating expenditures	393.1	511.9	493.4
5 Grants and contributions	703.4	857.9	798.5
(S) Minister of Industry — Salary and motor car allowance	0.0	0.0	0.0
(S) Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10.0	0.0	0.0
(S) Canadian Intellectual Property Office Revolving Fund	(8.7)	48.4	(7.3)
(S) Liabilities under the <i>Small Business Loans Act</i>	49.0	53.7	53.7
(S) Liabilities under the <i>Small Business Financing Act</i>	11.0	20.8	20.8
(S) Contributions to employee benefit plans	47.9	50.0	50.0
(S) Spending of proceeds from the disposal of surplus Crown assets	0.0	0.4	0.2
(S) Collection agency fees	0.0	0.0	0.0
(S) Court Awards	0.0	0.0	0.0
(S) Refunds of amounts credited to revenues in previous years	0.0	0.3	0.2
L10 Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	0.3	0.3	0.0
L15 Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	0.5	0.5	0.0
L97b Advances to regional offices and employees posted abroad	0.0	2.0	0.0
Total Department	1,206.5	1,546.2	1,409.5

* Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

FINANCIAL TABLE 2: Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line

(millions of dollars)

Business Lines	FTEs	Operating	Capital	Grants & Contributions	Subtotal: Gross Expenditures	Non- Budgetary Loans, Invest- ments and Advances	Total Gross Expendi- tures	Less: Responsible Revenues*	Total Net Expendi- tures
Micro-Economic Policy	291	32.8	—	14.3	47.1	—	47.1	—	47.1
(total authorities)	<i>291</i>	<i>43.8</i>	—	<i>162.4</i>	<i>206.2</i>	—	<i>206.2</i>	—	<i>206.2</i>
(actuals)	291	41.7	—	162.4	204.1	—	204.1	—	204.1
Marketplace Rules and Services	2,515	210.1	—	1.7	211.8	—	211.8	(102.8)	109.0
(total authorities)	<i>2,515</i>	<i>318.3</i>	—	<i>1.7</i>	<i>320.0</i>	—	<i>320.0</i>	<i>(122.0)</i>	<i>198.0</i>
(actuals)	2,513	253.3	—	1.7	255.0	—	255.0	(121.7)	133.3
Industry Sector Development	1,804	260.2	—	757.3**	1,017.5	0.8	1,018.3	(9.7)	1,008.6
(total authorities)	<i>1,804</i>	<i>258.4</i>	—	<i>768.3**</i>	<i>1,026.7</i>	<i>2.8</i>	<i>1,029.5</i>	<i>(7.0)</i>	<i>1,022.5</i>
(actuals)	1,803	260.4	—	708.8**	969.2	0.0	969.2	(7.0)	962.2
Tourism***	0	0.0	—	—	0.0	—	0.0	—	0.0
(total authorities)	<i>0</i>	<i>0.0</i>	—	—	<i>0.0</i>	—	<i>0.0</i>	—	<i>0.0</i>
(actuals)	0	0.0	—	—	0.0	—	0.0	—	0.0
Corporate and Management Services	1,010	102.3	—	—	102.3	—	102.3	—	102.3
(total authorities)	<i>1,010</i>	<i>119.5</i>	—	—	<i>119.5</i>	—	<i>119.5</i>	—	<i>119.5</i>
(actuals)	1,010	109.9	—	—	109.9	—	109.9	—	109.9
Total	5,620	605.4	0.0	773.3	1,378.7	0.8	1,379.5	(112.5)	1,267.0
(total authorities)	<i>5,620</i>	<i>740.0</i>	<i>0.0</i>	<i>932.4</i>	<i>1,672.4</i>	<i>2.8</i>	<i>1,675.2</i>	<i>(129.0)</i>	<i>1,546.2</i>
(actuals)	5,617	665.3	0.0	872.9	1,538.2	0.0	1,538.2	(128.7)	1,409.5
Other Revenues and Expenditures									
Non-Responsible Revenues****	—	—	—	—	—	—	—	—	(266.0)
(total authorities)	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(266.0)</i>
(actuals)	—	—	—	—	—	—	—	—	(955.7)
Cost of services provided by other departments	—	—	—	—	—	—	—	—	58.5
(total authorities)	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>58.5</i>
(actuals)	—	—	—	—	—	—	—	—	69.6
Net Cost of the Program	—	—	—	—	—	—	—	—	1,059.5
(total authorities)	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>1,338.7</i>
(actuals)	—	—	—	—	—	—	—	—	523.4

Note: Numbers in italics denote total authorities for 2001–02 (Main Estimates plus Supplementary Estimates plus other authorities). Bolded numbers denote actual expenditures/revenues in 2001–02.

* These revenues were formerly called "Revenues Credited to the Vote."

** Includes Statutory Grants and Contributions.

*** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

**** These revenues were formerly called "Revenues Credited to the General Government Revenues (GGR)."

FINANCIAL TABLE 3: Historical Comparison of Total Planned Spending to Actual Spending
 Departmental Planned versus Actual Spending by Business Line

(millions of dollars)

Business Lines	Actual 1999-2000*	Actual 2000-01*	Planned Spending 2001-02	Total Authorities 2001-02**	Actual 2001-02
Micro-Economic Policy	51.4	53.8	47.2	206.2	204.1
Marketplace Rules and Services	118.5	125.6	108.9	198.0	133.3
Industry Sector Development***	1,744.9	878.7	1,008.6	1,022.5	962.2
Tourism****	68.9	83.1	0.0	0.0	0.0
Corporate and Management Services	84.7	95.7	102.3	119.5	109.9
Total Planned to Actual Spending	2,068.4	1,236.9	1,267.0	1,546.2	1,409.5

* Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

*** 1999-2000 total authorities and actuals include a \$900-million grant to the Canada Foundation for Innovation to modernize research infrastructure and a \$160-million grant to Genome Canada.

**** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

FINANCIAL TABLE 4: Revenues (Responsible and Non-Responsible)

Revenues by Business Line

*(millions of dollars)***Responsible Revenues***

Business Lines	Actual 1999–2000	Actual 2000–01	Planned Revenues 2001–02	Total Authorities** 2001–02	Actual 2001–02
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	98.8	104.4	102.8	122.0	121.7
Industry Sector Development	7.2	6.5	9.7	7.0	7.0
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Responsible Revenues	106.0	110.9	112.5	129.0	128.7

Non-Responsible Revenues***

Business Lines	Actual 1999–2000	Actual 2000–01	Planned Revenues 2001–02	Total Authorities** 2001–02	Actual**** 2001–02
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	487.2	155.2	221.9	221.9	862.4
Industry Sector Development	129.0	122.4	44.1	44.1	93.3
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Non-Responsible Revenues	616.2	277.6	266.0	266.0	955.7

* These revenues were formerly called "Revenues Credited to the Vote."

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

*** These revenues were formerly called "Revenues Credited to the Consolidated Revenue Fund"

**** The increase in non-responsible revenues is mainly due to the change in accounting practices brought about by the Financial Information Strategy.

The above figures are shown using the current Planning, Reporting and Accounting Structure for purposes of comparison.

FINANCIAL TABLE 5: Statutory Payments

Statutory Payments by Business Line

(millions of dollars)

Business Lines	Actual 1999–2000*	Actual 2000–01*	Planned Spending 2001–02	Total Authorities** 2001–02	Actual 2001–02
Micro-Economic Policy	4.2	3.6	3.6	3.8	3.8
Marketplace Rules and Services	2.0	7.1	8.9	66.9	25.7
Industry Sector Development	113.1	103.7	88.9	94.7	94.5
Tourism***	2.3	1.9	0.0	0.0	0.0
Corporate and Management Services	8.4	7.8	7.8	8.2	8.2
Total Statutory Payments	130.0	124.1	109.2****	173.6	132.2

Note: All figures include contributions to employee benefit plans.

* Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

*** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

**** Does not include non-budgetary loans, investments and advances.

FINANCIAL TABLE 6: Transfer Payments

Transfer Payments by Business Line

(millions of dollars)

Business Lines	Actual 1999–2000*	Actual 2000–01*	Planned Spending 2001–02	Total Authorities 2001–02**	Actual 2001–02
GRANTS					
Micro-Economic Policy	—	1.0	1.0	151.0	151.0
Marketplace Rules and Services	—	—	—	—	—
Industry Sector Development***	1,080.0	140.0	—	123.5	123.5
Tourism****	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Grants	1,080.0	141.0	1.0	274.5	274.5
CONTRIBUTIONS					
Micro-Economic Policy	11.8	11.7	13.3	11.4	11.4
Marketplace Rules and Services	1.0	1.0	1.7	1.7	1.7
Industry Sector Development	424.3	494.6	757.3	644.8	585.3
Tourism****	0.3	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Contributions	437.4	507.3	772.3	657.9	598.4
Total Transfer Payments	1,517.4	648.3	773.3	932.4	872.9

* Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

*** 1999–2000 total authorities and actuals include a \$900-million grant to the Canada Foundation for Innovation to modernize research infrastructure and a \$160-million grant to Genome Canada.

**** Tourism transferred out pursuant to the *Canadian Tourism Commission Act*.

Details of Transfer payments (\$5 million and over), 2001–2002 Actual Spending

For a complete listing of our grants and contributions, visit the Public Accounts of Canada on the Receiver General's Web site www.pwgsc.gc.ca/recgen/text/home-e.html

<p>Aboriginal Business Canada Programs <i>(Aboriginal Business Development Program and Aboriginal Business Loan Insurance Program)</i> \$34.1 million</p>
<p>Objectives</p> <p>Aboriginal Business Development Program</p> <p>to increase the number of viable businesses in Canada that are owned and controlled by Aboriginal Canadians, and improve access to business opportunities, increase self-reliance and provide a supportive business environment for Aboriginal Canadians in all areas of Canada;</p> <p>to establish, expand and diversify self-sustaining Aboriginal-owned-and-controlled capital corporations that provide developmental capital in Canada and that are functionally complementary to the mainstream financial sector;</p> <p>to improve access to capital for Aboriginal businesses in Canada that have difficulty obtaining conventional commercial financing;</p> <p>to enhance the capacity of Aboriginal financial and business development organizations to provide financial services, business information and developmental support services;</p> <p>to provide Aboriginal Canadians with greater responsibility for economic development initiatives in keeping with the spirit of <i>Gathering Strength: Canada's Aboriginal Action Plan</i>.</p> <p>Aboriginal Business Loan Insurance Program</p> <p>to increase commercial enterprise activity by Aboriginal Canadians as a major step toward enhancing their economic self-reliance, by providing financial and advisory assistance at various stages and for several aspects of enterprise development.</p>
<p>Results</p> <p>For more information please visit aboriginalmap.ic.gc.ca</p> <p>Additional results from Aboriginal Business Canada can be found on page 24 and 70.</p>
<p>Canadian Institute for Advanced Research \$25 million (grant for 2002–07) \$3.49 million (contribution for 2001–02)</p>
<p>Objectives</p> <p>to encourage research excellence in Canada by supporting the work of the Canadian Institute for Advanced Research (CIAR) and fostering its development.</p>
<p>Results</p> <p>The CIAR has established multi-disciplinary research teams to investigate such areas of scientific interest as evolutionary biology, nanoelectronics, superconductivity, economic growth and policy, cosmology and gravity, earth system evolution, and population health and human development.</p> <p>The CIAR leveraged investments by provincial governments and the private sector totalling in excess of \$5 million dollars in 2001–02.</p>

CANARIE — Phase 3

\$12.43 million

CANARIE — CA*net4

\$110 million

Objectives

to enhance the productivity and competitiveness of Canadian industry, especially innovative Canadian ICT companies, with an emphasis on priority sectors (public and private) of the economy (such as electronic business, learning, telehealth and intelligent systems) to catalyse the development and diffusion of technologies, advanced applications and services that underpin or use advanced Internet infrastructure, such as CA*net 3, and that are based on open-systems standards.

Results

Stimulated new emerging sectors such as advanced content, new media, intelligent systems and telehealth applications.

Secured grant of \$110 million over five years.

Canadian Youth Business Foundation

\$7.5 million

Objectives

The government's \$7.5-million grant will allow the Canadian Youth Business Foundation (CYBF) to expand its fundamental business skills and mentoring programs across Canada, including new programs in Québec City and Montréal and with Aboriginal youth.

Results

Incremental government and private sector funding will enable CYBF to:

- expand its Youth Business program from the current 150 to 400 communities;
- develop a full suite of Web-based support programs for young entrepreneurs; and
- assist an additional 3,000 young entrepreneurs in Canada to start businesses by 2005, while continuing to provide follow-up support for those youth who received initial assistance from CYBF.

Federal Economic Development Initiative in Northern Ontario (FEDNOR)**Objectives**

The overall objective of the FedNor program is to promote economic development in Northern Ontario leading to a strengthening of the national economy and contributing to the successful development of business and job opportunities.

Results

Access to Capital for Small Business: FedNor expended over \$10 million toward 27 investment projects.

Access to Information for Small Business: FedNor provided more than \$2.5 million to 18 innovation projects. FedNor provided \$10.7 million to 81 connectedness projects.

Access to Markets for Small Business: FedNor provided \$660,000 to 10 trade-related projects.

Promotion of Sustainable Self-Reliant Communities: FedNor provided more than \$32 million to 763 community partnership projects.

Community Futures Program: Under the Community Futures Program in Ontario, FedNor delivered over \$20 million in contributions.

Under the FedNor program, more than \$9 million in additional capital was provided toward the investment funds of Community Futures Development Corporations (CFDCs).

The expansion of the Community Futures Program in Ontario continued, with the objective of providing universal coverage of all rural areas in Ontario. CFDC coverage was extended to six previously unserved areas, with four CFDCs created and with the expansion of the service areas of two existing CFDCs.

Genome Canada

\$135 million

Objectives

The objective of this initiative is to enable Canada to become a world leader in selected areas of genomic research by bringing together consortia to deliver genomics research, technology platforms and major genomics projects. The elements include the following: 1) the conducting of major research projects in the sectors of health, agriculture, environment, forestry and fisheries; 2) the recruitment and development of the next generation of genomics scientists in Canada; and 3) the addressing of public concerns and increasing of public awareness about genomics research.

Results

For more information please visit www.genomecanada.ca

Information Highway Applications Branch (IHAB) Programs

Community Access Program

\$28.9 million in 2001–02

SchoolNet

\$11.2 million in 2001–02

Smart Communities

\$14.4 million in 2001–02

Objectives

Community Access Program

The objective of this program is to provide all Canadians with affordable access to the Internet, as a means of ensuring that Canadians benefit from the global, knowledge-based economy and the opportunity to use its technologies, and specifically to establish universal public access sites in urban and rural communities across Canada.

<p>Information Highway Applications Branch (IHAB) Programs (cont'd)</p>
<p>SchoolNet</p> <p>The objective of this program is to facilitate the connectivity of all schools, including First Nations schools, and libraries to the Internet. By stimulating the use of the Internet in a learning environment, SchoolNet ensures that the tremendous potential of ICTs is harnessed for the benefit of all Canadian learners, enabling them to compete effectively in the new global, knowledge-based economy.</p> <p>Smart Communities Program</p> <p>The objectives of this program are the following:</p> <ul style="list-style-type: none"> ■ to assist communities in developing and implementing sustainable Smart Communities strategies; ■ to create opportunities for learning through the sharing among communities of Smart activities, experiences and lessons learned; and ■ to provide new business opportunities, domestically and internationally, for Canadian companies developing and delivering ICT applications and services.
<p>Results</p> <p>Community Access Program: results from this program can be found in Appendix A under “Connectedness” and at cap.ic.gc.ca</p> <p>SchoolNet: results from this program can be found in Appendix A under “Connectedness” and at schoolnet.ca</p> <p>Smart Communities Program: results from this program can be found in Appendix A under “Connectedness” and at smartcommunities.ic.gc.ca</p>
<p>Pierre Elliot Trudeau Foundation</p> <p>\$125 million grant</p>
<p>Objectives</p> <p>To encourage promising young students to undertake advanced research in the humanities and human sciences by supporting up to 25 fellowships per year for doctoral and post-doctoral students.</p>
<p>Results</p> <p>The endowment for the Pierre Elliot Trudeau Foundation was provided in March, 2002, and staffing of the organization has begun.</p>
<p>Shad International (Shad)</p> <p>\$6 million</p>
<p>Objectives</p> <p>The government’s \$6-million grant will allow the Shad Valley program to develop leadership abilities, encourage science and technology skills, and identify entrepreneurial opportunities for youth.</p>

Results

This public-private partnership has enabled Shad to begin:

- expanding its Shad Valley program from the current eight host universities to other interested, high-profile universities;
- increasing by more than 50 percent from the current 429 students accepted each year, regardless of their economic circumstances;
- strengthening its efforts to re-establish in Quebec and to restart its Francophone program;
- increasing the number of corporate partners who provide paid work terms for students by up to 50 percent; and
- reducing the cost to students who are eligible to enter the program.

Structured Financing Facility

\$150 million

Objectives

Given the current international context in the shipbuilding and industrial marine industry sector, the Structured Financing Facility Program is a key component of the recently announced Canadian shipbuilding policy framework (A New Policy Framework for the Canadian Shipbuilding and Industrial Marine Industry — Focussing on Opportunities) to assist Canadian businesses in taking advantage of related market opportunities (including those in Canada), to promote investments in related competencies, and to assist innovation in key technologies.

Results

For more information please visit strategis.gc.ca/SSG/1/sj00016e.html

Technology Partnerships Canada

\$319.57 million

Objectives

The objectives of the TPC program are the following:

- to increase economic growth and create jobs and wealth;
- to support sustainable development;
- to maintain and build the industrial technology and skill base essential to a knowledge-based economy;
- to encourage the development of SMEs in all regions of Canada;
- to encourage private sector investment;
- to manage the contributions so that all repayments are recycled into TPC, allowing for future growth;
- to manage the sharing ratios on TPC contributions, with a target of an average TPC sharing ratio of no more than 33 percent (with typical projects sharing ratios between 25 percent and 30 percent); and
- to take an investment approach through sharing in returns as well as in risks.

Results

For more information please visit www.tpc.ic.gc.ca

Additional results can be found on pages 12 and 58.

FINANCIAL TABLE 7: Loans, Investments and Advances

Loans, Investments and Advances by Business Line

(millions of dollars)

Business Line	Actual 1999-2000	Actual 2000-01	Planned Spending 2001-02	Total Authorities 2001-02*	Actual 2001-02
Industry Sector Development	—	—	0.8	2.8	—
Total	—	—	0.8	2.8	—

* Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

FINANCIAL TABLE 8: Revolving Fund Financial Summaries

Canadian Intellectual Property Office (CIPO) Revolving Fund

(millions of dollars)

	Actual 1999-2000	Actual 2000-01	Planned Spending 2001-02	Total Authorities 2001-02*	Actual 2001-02
Revenues	70.9	72.5	81.0	81.0	77.3
Expenses	61.3	64.3	76.8	76.8	75.1
Profit or (Loss)	9.6	8.2	4.2	4.2	2.2
Items not requiring use of funds:					
Add: Amortization	14.4	14.7	12.8	12.8	12.5
Less: Amortization of deferred capital assistance	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)
Changes in working capital	(0.8)	3.5	2.8	2.2	0.8
Investing activities:					
Acquisition of depreciable assets	(1.9)	(3.7)	(12.5)	(12.5)	(9.8)
Other items	3.1	1.4	0.0	(2.6)	7.5
Cash surplus (requirement)	18.0	17.7	0.9	(2.3)	6.8
Authority: cumulative surplus (drawn down)	25.4	43.1	44.0	40.8	49.9

Note: A "line of credit" of \$15 million was approved as the maximum amount that may be drawn down from the Consolidated Revenue Fund (CRF) at any point in time.

* Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

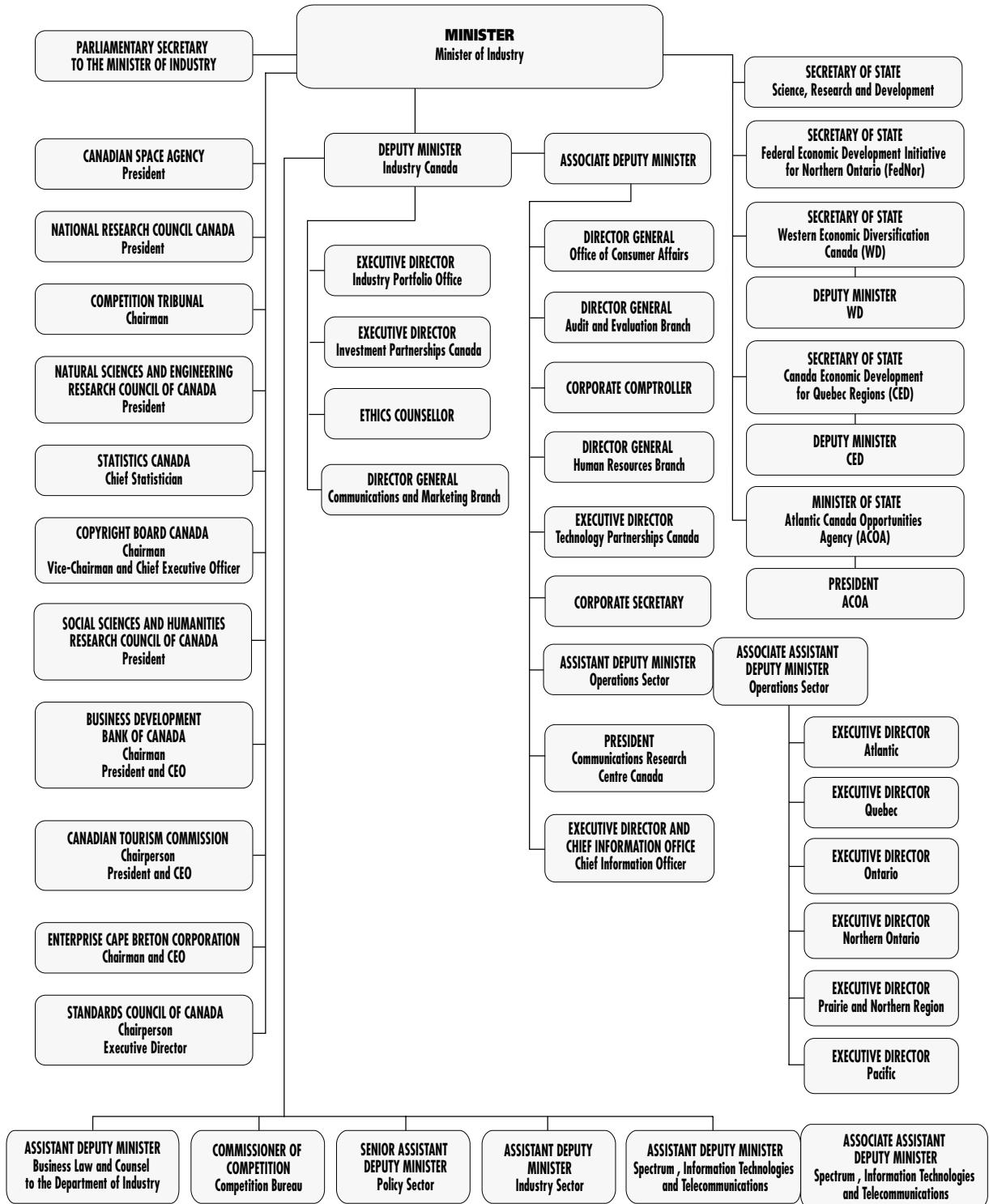
FINANCIAL TABLE 9: Contingent Liabilities*(millions of dollars)*

List of Contingent Liabilities	Amount of Contingent Liability		
	March 31, 2000	March 31, 2001	Current as of March 31, 2002
Loan insurance and guarantees:			
- Enterprise Development Program	5.9	5.9	5.0
- <i>Small Business Loans Act</i>	959.5	830.9	696.1
- <i>Small Business Financing Act</i>	296.8	451.3	471.1
- Air Carriers Loan Guarantees (DHC-7 & 8)	324.4	310.7	301.3
- Supplemental Guarantee Program (DHC-8)	1.0	0.8	0.6
- Canadian Airlines Corporation	—	—	—
- Aboriginal Economic Program	5.1	4.6	10.6
- First Union Commercial Corporation	—	—	—
- <i>Regional Development Incentives Act</i>	58.8	64.0	64.7
- Algoma Steel Loan Guarantee	—	—	50.0
Subtotal	1,651.5	1,668.2	1,599.4
Claims and Pending and Threatened Litigation	251.0	252.7	253.1
Total	1,902.5	1,920.9	1,852.5

Section 5:

Other Information

5.1 Industry Portfolio Organizational Structure



Appendix A:

Detailed Activity Information**by Key Results Commitment (KRC)****INNOVATION: Improving Canada's innovation performance**

KRC 1: Increased recognition of innovation as a critical success factor in all sectors

Challenges to be addressed

Many Canadian organizations do not recognize that, in the knowledge-based economy, the development of innovation products and processes is key to success in the global marketplace.

Accomplishments

- In cooperation with HRDC, updated the Employers On-line site (employers.gc.ca), which also serves as the Human Resource Management (HRM) section of the Business Gateway (hrmanagement.gc.ca), an on-line information source for human resource issues.
- Sponsored the Canadian Manufacturers and Exporters (CME) "Best Practices in Lean Excellence" conference and workshop, and published and promoted *A Canadian Resource Guide for High Performance Manufacturing*, which champions a national lean manufacturing network in Canada.
- Launched the Innovation in Canada subportal on the BusinessGateway site (businessgateway.ca) to provide the business and scientific communities with information and tools to improve their innovation performance.
- Undertook analysis of the *Budget 1999* innovation strategy, the results of which were presented and discussed at a November 2001 international Innovation Research workshop organized by Industry Canada and Statistics Canada. The papers will be published in a book on understanding innovation in Canada, to be released in 2003.
- Held a conference on "Intellectual Property and Innovation in the Knowledge-based Economy" in Toronto in May 2001, which resulted in Industry Canada's literature survey on the impact of intellectual property rights on economic performance. (www.innovationlaw.org/pages/1news.html)
- Supported Globe 2002, a biennial trade fair and conference where environmental technologies and services were showcased to more than 1,750 delegates from more than 70 countries.
- Together with the industry, organized the Automotive Skills Strategy encompassing multiple initiatives including career marketing, customer relations management, technological education and non-technical skills development.

KRC 2: Expanded knowledge base, especially in fields with good opportunities

Challenges to be addressed

Canada ranks relatively low among industrialized nations in the amount of research performed, including by the private sector, where the performance of research is concentrated among relatively few firms.

Accomplishments

- Through the Technology Early Action Measures climate change program, helped industry to identify R&D projects that qualified for financial and technical support. Managed the Pre-Competitive Applied Research Network's (PRECARN) program aimed at stimulating precompetitive R&D, by fostering participation in international collaborative research projects in advanced network-based technologies and applications for intelligent systems. It resulted in 10 research projects totaling about \$8.4 million for targeted sectors, including medical robotics and security. (www.precarn.ca)
- Investigated issues related to skills in the field of ICTs and to the contribution of highly qualified personnel to all sectors of the Canadian economy.
- Formed a consortium of Ottawa/Gatineau organizations involved in photonics research (www.opra.ca). The consortium is currently constructing a new integrated photonics research facility on the Communications Research Centre Canada campus.

- Provided management and technical support to Canadian SMEs about methane recovery from landfills, natural gas technology applications for transportation, and the use of these technologies in developing countries.
- In cooperation with Technology Partnerships Canada, significantly revised the Aerospace and Defence Technology Framework, identifying the need to focus innovative practices to improve performance and competitiveness. Eight critical aerospace technology areas were identified for joint strategic research and investment among industry, academia and government.

KRC 3: Accelerated commercialization and adoption of innovative processes and products by Canadian organizations

Challenges to be addressed

In general, compared with our international competitors, Canada has a lower return on investment from the commercialization of research findings and adoption of new processes and technologies.

Accomplishments

- Communications Research Centre Canada supported SMEs with the broadcast industry's Digital Radio Roll-out Inc. (DRRI) by designing transmitters for the seamless coverage of the Québec City–Windsor corridor.
- Developed new methods for film and television program production to reduce costs.

KRC 4: Increased development and application of eco-efficient practices and technologies in Canada

Challenges to be addressed

Canadian organizations generally lag behind international competitors in terms of awareness, R&D performed, and eco-efficient practices and environmental technologies adopted.

Accomplishments

- Approved 22 genomics projects and platforms with Genome Canada's financial support of \$135 million.
- Funded 14 university research infrastructure projects, valued at \$34.5 million, through the Canada Foundation for Innovation in the fields of hydrology, environmental engineering, oceanography, evolution and ecology, soil science, and plant and tree biology.
- Advanced the adoption of eco-industrial design innovation among Canadian organizations through projects aimed at redesigning SME services and manufacturing practices; investigating ways of designing efficient industrial complexes; and supporting community partnerships integrating economic growth with ecological design.
- Contributed to the development of an environmental performance agreement among the auto parts manufacturing industry, Environment Canada, Industry Canada and Pollution Probe, to make the industry aware of toxic materials, and to urge voluntary efforts to reduce or eliminate such use.
- Completed a study entitled *Advanced Manufacturing Technologies for the Canadian Apparel Industry*, which analysed the feasibility of applying new technologies within the industry. Provided data for improving innovation adoption and identified required management skills.
- Sponsored the development of a Corporate Social Responsibility (CSR) benchmarking tool for industry and supported a survey of 20 countries to obtain comparative public views on CSR.
- Sponsored a study, *Stepping Forward: Corporate Sustainability Reporting in Canada*, and completed initial consultations with industry associations to increase awareness and stimulate more corporate sustainability reporting by Canadian industry.
- Under Trade Team Canada, encouraged companies to implement the adoption of technologies that enhance eco-efficiency and/or environmental performance.
- Collaborated with the Information Technology Association of Canada (ITAC) in the development of an industry action plan to recycle used computers and telecommunications equipment. (www.itac.ca)
- Developed a Canadian fuel cell capability guide in both electronic and hard-copy format. Supported assessments of bio-based environmental solutions and water technologies.
- Identified Canadian capabilities in the area of environmental software technologies.
- Participated in an interdepartmental project on developing sustainable transportation performance indicators.

CONNECTEDNESS: Making Canada the most connected country in the world

KRC 1: Canadians connected to each other and to the world in a way that is affordable and accessible

Challenges to be addressed

Not all Canadians have universal and affordable access to telecommunications services, the Internet, or new advanced systems and services. This contributes to a loss of economic and social opportunities, and to a digital divide.

Accomplishments

- Through the SchoolNet Web site, supplied links to more than 5,000 teacher-approved learning resources, making it easier for Canadian teachers and students to access an immense source of on-line resources. (schoolnet.ca)
- Since 1993, through the Computers for Schools (CFS) program, supplied 340,000 computers to schools and libraries, and hired more than 1,700 youth to refurbish computers. (schoolnet.ca/cfs-ope)
- Through VolNet, connected more than 11,000 voluntary organizations, trained more than 17,000 volunteers and subsidized the purchase of 8,725 computers. (www.volnet.org)
- Through the SchoolNet Network of Innovative Schools (NIS), funded 84 NIS schools (31 added in the 2001–02 fiscal year), encouraging the effective development and use of technology in the learning system. (schoolnet.ca/nis-rei)
- Made a number of frequency bands available for rural areas to foster advanced communications. Developed, patented and licensed new technologies and a series of products to assist Canadian companies in marketing new products internationally. (www.crc.ca/fec)
- Tested a Virtual Microwave Laboratory that led to funding from the Canadian Foundation for Innovation to deploy test centres across Canada to remotely control the testing of integrated microwave circuits. (www.innovation.ca)
- Held a public safety meeting to address issues on interoperability of communications systems among domestic agencies (e.g. RCMP, other police services, and emergency services, and between Canadian and American agencies).
- Issued a licence to Telesat Canada to develop and operate a C/Ku fixed-satellite service space station at the 118.7°W orbital position to provide basic and advanced telecommunication services to all regions of Canada, and interactive multimedia and Internet access.

Challenges to be addressed

Many rural and remote regions lack advanced infrastructure and may find the financial and technological hurdles difficult to overcome without the federal government's help.

Accomplishments

- Through the Community Access Program (CAP), completed approvals for the establishment of CAP sites, bringing the total network of sites to 8,800, and began the process of providing sustainability funding. (cap.ic.gc.ca)
- Invested over \$3.6 million in 11 projects with Keewatinook Okimakanak — a tribal council serving six remote First Nations communities north of Red Lake, Ontario. They have established digital microwave telecommunications transport to 11 remote First Nations, provided modern telephone exchanges, established computer networks among tribal council members, and are bringing Internet and video conference-based applications such as telemedicine and Internet-based high school to their communities. (www.fednor.ic.gc.ca)
- Created a new multidisciplinary research program to explore ways to cost-effectively deliver broadband services to remote and rural areas via wireless, satellite and wireline telecommunications. (crc.ca/en/html/crc/research/initiatives/initiatives)
- Provided expertise and installed satellite terminals at 12 communities as part of the Smart Labrador Projects. (smartcommunities.ic.gc.ca/lab-launch_e.asp)

<p>Challenges to be addressed</p> <p>Insufficient levels of digital literacy prevent Canadians from benefiting fully from the knowledge economy.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through the SchoolNet GrassRoots program, funded the creation of 7,200 innovative on-line multimedia projects by K–12 students and teachers. More than 30,000 classroom projects have been fostered since 1996. (schoolnet.ca/grassroots) ■ Through LearnCanada, provided broadband connectivity and developed collaborative learning tools for student peer-to-peer learning in a trial involving six school boards across Canada. (www.learncanada.ca) ■ Installed and maintained satellite and local area network (LAN) equipment in 13 First Nations communities, and trained community individuals to use this technology. ■ Through the Student Connection Program, provided e-commerce and Internet training to more than 18,000 businesses and seniors in the 2001–02 fiscal year, an achievement 20 percent over its target of 15,000. (www.scp-ebb.com)
<p>KRC 2: A world-leading environment for electronic commerce</p>
<p>Challenges to be addressed</p> <p>There is an ongoing need for leading-edge policies and processes that respond in a timely manner to challenges created by the evolution of the Internet and the new knowledge economy.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Secured \$2.5 million in funding from CANARIE for the Electronic Commerce Council of Canada (ECCC) to further develop a national product registry for business-to-business commerce in Canada. The ECCC service is expected to create efficiencies by enabling e-commerce in the retail, pharmaceutical and food sectors of the Canadian economy. (www.eccc.org/public/index.html) ■ Developed an Aerospace and Defence Technology Framework that provides a listing of critical aerospace technologies for stakeholders, and aims to increase communication and facilitate collaboration on those technologies critical to maintaining competitiveness. (strategis.gc.ca/SSG/ad03627e.html?he=1) ■ In partnership with 18 industry associations in sectors such as retail, advanced manufacturing, supply chain management and logistics, developed an E-Commerce Overview Series, which involved identifying specific e-business challenges and barriers unique to specific sectors.
<p>Challenges to be addressed</p> <p>Businesses and consumers still lack confidence in the security and privacy of e-commerce transactions.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Augmented research on network security by forming a new project and complementary laboratory, involving the National Defence and the Communications Security Establishment, where work will focus on the detection and prevention of attacks on network infrastructures. ■ Through the Student Connection Program, provided e-commerce services, including practical detailed information on Internet security. (www.scp-ebb.com)
<p>Challenges to be addressed</p> <p>Harmonization between countries in terms of legislation, policies and practices that promote the security and privacy of information must still be addressed.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Activated the Canadian Telecommunication Operation Centre in close cooperation with the Canadian Telecommunication Emergency Preparedness Association to exchange essential information and facilitate mutual aid responses between Canada and the United States. (spectrum.ic.gc.ca/urgent/pacific/htms/ctepa.ppt)

<p>Challenges to be addressed</p> <p>Businesses still lack awareness of the advantages of e-commerce, and consumers are slow to adopt e-commerce processes as a means of carrying out transactions.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Supported the work of the E-Business Opportunities Roundtable, which released its final report, entitled <i>Fast Forward 3.0: Maintaining the Momentum</i>, highlighting the achievements in championing the e-business initiatives and policy changes. (www.ebusinessroundtable.ca) ■ Provided e-commerce training to SMEs through the Student Connection Program's <i>E-Commerce First Step</i> suite of services. From planning, evaluating and promoting a Web site to incorporating payment processes into on-line activities, E-Commerce First Step services help SMEs develop a greater understanding of how e-business can benefit them. (www.scp-ebb.com) ■ Developed, published and distributed the E-Commerce Overview Series to more than 50,000 Canadian SMEs. The series profiles and benchmarks e-commerce use and adaptation. The retail council and private education sectors are deriving action plans and tool kits from the series.
<p>Challenges to be addressed</p> <p>There are too few Canadian suppliers of Internet-based e-commerce solutions, applications and services to satisfy the needs of the marketplace.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Expanded the E-Com solutions providers database and created the IT Security providers database, providing a one-stop source of computer-related services.
<p>KRC 3: Canadian digital content and applications on-line maximized</p>
<p>Challenges to be addressed</p> <p>There is a need for greater quantity and quality of multimedia applications, collections, information and services relating to Canada and Canadians. Specific challenges include the need for more community-based content, more French-language content and more on-line learning opportunities. This places Canada's Internet industries at serious risk of falling behind foreign competitors.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Established 12 Smart Communities Demonstration Projects which are up and running. More than 100 communities, covering 1.9 million people and 246 project partners, are involved. (smartcommunities.ic.gc.ca) ■ Through SchoolNet Multimedia Learnware and Public Access Applications Program, provided about \$2.4 million in matching funds for the development of 11 learnware projects. (www.schoolnet.ca/funds) ■ Through Canada's Campus Connection, launched an on-line consortium of 75 post-secondary educational institutions and more than 2,000 on-line university and college courses. (www.campusconnection.ca) ■ Provided Canada's Francophone communities with new and innovative ways to communicate and establish Francophone networks, through a total of 74 Francommunautés virtuelles projects (1998-2001). (francommunautes.ic.gc.ca) ■ Through SkillNet.ca, registered more than 50,000 employers and 250,000 job seekers with the network. Each month an average of 10,000 new employers and job seekers register with SkillNet.ca sites. (skillnet.ca) ■ Undertook a major initiative to enhance the Canadian Environmental Solutions (CES) tool to showcase Canadian companies that offer technologies and services addressing environmental problems associated with climate change. (prods.businesscanada.ic.gc.ca/Ces_Web/_index_.cfm?target=english) ■ Developed a training module called <i>A Canadian Resource Guide for High Performance Manufacturing</i>, which resulted in an increased awareness of high-performance manufacturing within the government and private sector. (strategis.gc.ca/SSG/at01177e.html) ■ Through the Canadian Biotechnology Clusters Web site, provided information for those interested in leading research activities (including technology transfer), company profiles, support mechanisms and investment opportunities in cities across the country. Accessed by both the private sector and other government departments, this site has assisted in describing provincial, municipal and Canadian company capabilities to potential foreign investors, and in identifying potential Canadian partners for these investors. (strategis.gc.ca/SSG/ck00074e.html)

<p>Challenges to be addressed</p> <p>Untapped opportunities exist for developing more multimedia skills and experiences in all parts of Canada and in all communities.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through the VirtualClassroom Program, assisted broadband interaction between government agencies, such as the Canadian Space Agency, and grade school students across Canada, including First Nations schools. Broadband connectivity was provided using CA*net 3 and satellite technologies. (www.crc.ca/en/html/crc/research/network/system_apps/virtualclassroom) ■ Licensed coverage estimation software (COV and COV-LAB) to Canadian broadcasters and consultants for the design and implementation of digital broadcasting systems. ■ Licensed audio objective quality assessment software (SEAQ) to Canadian broadcasters and equipment manufacturers to design codecs and optimize digital broadcast channel use. (www.crc.ca/en/html/aas/home/products/products)
<p>KRC 4: Expanded on-line delivery of key government services and information in an integrated way to businesses and consumers</p>
<p>Challenges to be addressed</p> <p>All key government information and services are not yet available on-line.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through SourceCAN, expanded services to include upwards of 11 domestic and international tenders on business opportunities. In addition, SourceCAN's Virtual Tradeshow (www.sourcecan.com/E/sb1410.cfm) was broadened by including education and training and environmental solutions on-line trade shows. ■ Launched a new on-line initiative to provide bankruptcy trustees with the ability to file most consumer bankruptcies on-line. ■ Identified 18 key departmental services that will be on-line by 2003.
<p>Challenges to be addressed</p> <p>Current on-line services and information need to be more accessible and user-friendly.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Concluded, through an evaluation of Strategis, that the Web site continues to receive more than 9 million hits per year. It was also found that the site is highly regarded by consumers and businesses as being accurate and impartial; that it has a unique breadth and scope of information and services; and that it impacts more than 65 percent of clients in a positive way (most significantly by saving time). The evaluation also highlighted areas for improving site navigation for both new and infrequent users, and reviewed ways to ensure that Strategis has a client-centred focus. (strategis.gc.ca) ■ Through the Corporations Directorate, developed and promoted on-line filing, resulting in an increase in the percentage of <i>Canada Business Corporations Act</i> documents filed electronically, from 7 percent in 1999 to more than 40 percent at the end of 2001–02. ■ Implemented the Virtual Radio Licence Initiative by shifting from a paper-based radio licence regime to a paperless, virtual platform, saving more than \$250,000 in costs. (strategis.gc.ca/SSG/sf05606e.html) ■ Through the Biotechnology Gateway, provided users with a rich variety of information products and services on all aspects of biotechnology through one centralized portal site which receives about 500,000 hits per year. (strategis.gc.ca/bio) ■ Through the BusinessGateway, aligned business content with all provinces and territories, and offered multiple e-forms and services from different jurisdictions. For the first time, access to federal programs and services for businesses is compatible with software commonly used by persons with disabilities. (www.businessgateway.ca)
<p>Challenges to be addressed</p> <p>There is a need for greater coordination and linkage of services and information between various levels of government (federal, provincial/territorial and municipal).</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through the Biotechnology Regulatory Assistance Virtual Office (BRAVO), provided users with Canadian federal and provincial/territorial legislation and regulatory information relevant to biotechnology products and applicable functions, identifying gaps and duplication while linking regulatory directives administered by these two levels of government. (bravo.ic.gc.ca)

MARKETPLACE: Building a fair, efficient and competitive marketplace

KRC 1: A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class

Challenges to be addressed

Competition law must remain modern and progressive to effectively deal with increased international convergence and anticompetitive activities.

Accomplishments

- Brought amendments to the *Competition Act*. In March 1999, these amendments were proclaimed. The amendments included measures to protect Canadians against telemarketing fraud, protection for whistleblowers, and new tools for effective enforcement, such as the ability to conduct wiretaps. Examples of how Canadians have benefited from these amendments are included in KRC 2. Among the most positive changes was the amendment to the waiting periods for premerger notification. Amendments also streamlined and simplified the information required for merger notification, an initiative that has been applauded by businesses and the Canadian Bar Association, and one that has enabled the Competition Bureau to reduce turnaround times.
- In addition to these changes, the Competition Bureau has begun considering comments provided by the OECD in its Regulatory Reform Review, which looks at best practices and noted the need for additional resources for the Competition Bureau. Other recommendations included examining the scope of the Commissioner's decision-making independence, improving the consent order process, improving Competition Tribunal processes and improving section 45 of the Act, Conspiracy Provisions.

Challenges to be addressed

There is a need to expand the Canadian telecommunications infrastructure and to develop leading-edge telecommunications policies and processes that will promote and enable competition and innovation in the new, networked economy.

Accomplishments

- Developed and strengthened Canada's telecommunications policy frameworks through continued work on the lawful access policy framework, critical infrastructure protection, OECD guidelines on IT security, the Asia-Pacific Economic Cooperation (APEC) work plan on privacy, the G8 Cyber-crime Convention, and Wassenaar regulations governing export controls on cryptography.
- Revised spectrum policy to accommodate consumer products such as digital cordless phones and high-speed wireless access, wireless LAN, and spectrum for military air-to-ground communications for both security and law enforcement services.
- Published an Exemption Order (National Defence and Security) to allow the Communication Security Establishment to lawfully decode encrypted programming signals or network feeds that are not available from a lawful Canadian distributor.

Challenges to be addressed

Framework legislation must adapt quickly to accommodate emerging technology and changing business practices related to measurement, and to enhance Canadians' ability to compete internationally.

Accomplishments

- In 2001–02, continued to harmonize Canada's rules and requirements with those of the international legal metrology community. Began work on replacing uniquely Canadian requirements for liquid measuring systems with the International Organization of Legal Metrology (OIML) R117. Technical specifications related to load cells and mass standards, and emulating international standards, were also issued for consultation. The adoption of internationally recognized standards, where appropriate, and the establishment of requirements that reflect emergent technology and changing marketplace dynamics will enhance Canadian industries' ability to compete in foreign markets. Domestically, this approach will increase business and consumer access to new and innovative measurement technology and services.

<p>Challenges to be addressed</p> <p>Canada's patent term (for certain pre-1989 patents) is inconsistent with trade-related aspects of intellectual property rights.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Brought amendments to the <i>Patent Act</i>. Bill S-17, an Act to amend the <i>Patent Act</i>, received Royal Assent on June 14, 2001. The bill amends the <i>Patent Act</i> to implement the recent decision of the WTO relating to the term of patents filed before October 1, 1989. By meeting international obligations, Canada ensures that its patent regime remains modern and supportive of an innovative economy.
<p>Challenges to be addressed</p> <p>The <i>Bankruptcy and Insolvency Act</i> (BIA) and the <i>Companies' Creditors Arrangement Act</i> need to be reviewed to ensure continued efficient and fair redeployment of resources in corporate and consumer insolvencies.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ The BIA amendments, which came into force in 1998, have prompted a continuous increase in the number of businesses and consumers choosing to file proposals as an alternative to bankruptcy. In 2001, commercial proposals rose by 18 percent, while consumer proposals rose by 8 percent in 2001 over the previous calendar year. ■ Identified key policy issues which will serve as the basis for the Parliamentary review of the BIA in 2002–03. Examples of key policy issues include the balance between a debtor's right to a fresh start and the creditors' right to a fair return when possible, administrative issues arising from the growing number of consumer bankruptcies, and international insolvency issues.
<p>Challenges to be addressed</p> <p>Voluntary codes are required to protect and promote consumers' interests and supplement the legal framework.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Participated in the development of a draft ISO Complaints Handling standard which, if followed by firms, is likely to increase consumer satisfaction and confidence in those firms, improve feedback to firms concerning their products and services, and decrease the need for regulatory intervention.
<p>Challenges to be addressed</p> <p>Additional spectrum is required to accommodate the growth of mobile wireless services, to facilitate the implementation of new services and to offer local fixed telecommunication services.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Issued 52 licences by auction, for a total of \$1.48 billion in revenue. The auction was conducted over the Internet, and the licensed spectrum will be used to bring the Internet and other communications services, such as e-mail and mobile commerce, closer to all Canadians. ■ Ensured a very successful Marconi Wireless Vision Congress in St. John's in September 2001, by securing the participation of internationally recognized speakers and by participating in the development of the conference program. ■ Led Canadian preparations for the World Radiocommunication Conference 2003 (WRC2003). Results included the acceptance of the Canadian proposals in all domestic forums. In addition, Canada produced the first version of an Inter-American Telecommunication Commission (CITEL) common proposal that reflects the interests of the majority of countries of the Americas.

<p>KRC 2: A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures</p>
<p>Challenges to be addressed</p> <p>There is a need to address increasing demand for intellectual property services, harmonization issues and rapid technological change.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through the Canadian Intellectual Property Office (CIPO), increased e-commerce products and services by implementing e-filing for copyright and industrial design. CIPO is also implementing access to the TriNet, a collaborative network developed by Japan, Europe and the United States to share intellectual property information and services, which will lead to better examinations and improved delivery and efficiency of CIPO's products and services. ■ Started preparatory work toward ratification of the Patent Law Treaty (PLT) and participation in Patent Cooperation Treaty (PCT) reform initiative, including a review of the impacts of PCT decisions on Canadian legislation. This will lead to the simplification and harmonization of administrative practices among intellectual property offices thereby encouraging the use of intellectual property systems, stimulating innovation and facilitating access by Canadians to foreign intellectual property offices. The Patent Law Treaty is expected to result in a clearer set of rules and solid benefits for applicants and owners, as well as their agents.
<p>Challenges to be addressed</p> <p>There is a need to deal effectively with anticompetitive behaviour in emerging industries and forums (e.g. the electronic marketplace), and a need for more timely and effective responses related to transnational mergers.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through the Competition Bureau, laid charges against the directors, two administrators and seven telemarketers of two Montréal-based companies as a result of the successful use of wiretaps. One of the companies ceased operations after the Competition Bureau conducted a search of its premises for evidence. The OPP, PhoneBusters and the RCMP provided valuable assistance. Savings to consumers are estimated at \$1.6 million. ■ The Competition Bureau received more than 4,000 complaints related to unsolicited mailings that gave the appearance of being invoices from an existing service provider (such as Bell Canada or the Yellow Pages). The Bureau issued two public warnings and received cooperation from Canada Post to stop delivery of mail to and from the companies and individuals involved. Numerous charges have been laid and one individual pleaded guilty, and was fined \$30,000 and ordered to dissolve his company. Expected savings to consumers from this Bureau enforcement activity are in the area of \$1.3 million.
<p>Challenges to be addressed</p> <p>The growth in demand for services and an expansion of the sectors in which measurement occurs have resulted in less than the optimal protection against economic loss due to inaccurate measurement.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ During the past 18 months, through Measurement Canada, conducted in-depth consultations with stakeholders in the downstream petroleum and electricity trade sectors. Their views were sought on the roles of government, service providers, businesses and consumers, how accurate and equitable measurement can be attained at a reasonable cost, without compromising the protection of consumers and other vulnerable parties. The implementation of the ensuing recommendations will shape how measurement accuracy is achieved and monitored in these two trade sectors. Results of trade sector reviews may be found at www.mc.ic.gc.ca

<p>Challenges to be addressed</p> <p>There is a need for more efficient incorporation services in order to respond to an increasingly global, mobile and Internet-dependent marketplace.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through the Corporations Directorate, achieved new efficiencies in services through successful regulatory reform, an award-winning e-business environment and improved communications. Client service standards were met, on average, more than 90 percent of the time. ■ In June 2001, initiated a modernization project for the Newly Upgraded Automated Name Search (NUANS), a business and corporate name search process. This initiative makes NUANS directly available to Canadians by providing real-time searching over the Internet as of August 1, 2002. Benefits include reduced name search costs.
<p>Challenges to be addressed</p> <p>There is a need to examine market-based instruments that stimulate dynamic, private-sector involvement on both the supply and demand sides of environmental instruments.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Contributed to the Analysis and Modelling Group's work for the National Air Issues Coordinating Committee through the preparation of a paper on the possible growth opportunities arising from ratification of the Kyoto Accord. ■ Analysed various strategies for reducing greenhouse gas emissions in Canadian industry, including the regional and sectoral costs and benefits of alternative policy scenarios. This analysis resulted in the development of a resource tool for departmental analysts who deal with environmental issues. ■ Studied the targeting of costs for global emissions cutbacks in particular industries. The study assisted departmental analysts who deal with environmental issues.
<p>Challenges to be addressed</p> <p>As the marketplace experiences rapid changes in terms of its players, modes of operation and regulation, it is difficult for consumers to know how and where to seek redress from merchants, and to whom to turn for information regarding government programs and services.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Expanded the <i>Canadian Consumer Information Gateway</i> — an innovative Government On-Line initiative portal providing a single-window entry to consumer information — to include information from 40 federal departments and agencies, more than 250 provincial/territorial government partners, and more than 100 non-governmental partners. (consumerinformation.ca)
<p>KRC 3: Confidence in the marketplace</p>
<p>Challenges to be addressed</p> <p>There is a need to encourage invention, innovation and creativity in Canada through increased accessibility, awareness and exploitation of intellectual property information products and services.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ The Canadian Intellectual Property Office (CIPO) completed the first stage of a Client Relationship Management initiative to assess existing products and services valued by clients and to assess scope for further improvements in both products and services. This initiative is helping CIPO develop new performance measures and enhanced services. ■ Re-oriented CIPO's regional services in collaboration with key stakeholders with a focus on education and training of new partner groups so that they can better advise their clients on the proper use of intellectual property. ■ CIPO has developed an intellectual property outreach framework and a strategic action plan, based on best practices, to provide vision and strategic direction for the development of a sustainable Outreach Program with the objective of increasing the awareness, knowledge and effective use of intellectual property by Canadians.

<p>Challenges to be addressed</p> <p>There is a need to increase understanding of the enforcement policy regarding the Abuse of Dominant Position (section 79) provisions of the <i>Competition Act</i>.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ In response to the business and legal communities' concerns, released through the Competition Bureau, the new Enforcement Guidelines on the Abuse of Dominance under section 79 of the <i>Competition Act</i>. The guidelines provide businesses and Canadians with greater transparency and predictability in understanding the Bureau's enforcement policy on behalf of complainants participating in an increasingly integrated and complex marketplace. The guidelines will also lead to more sophisticated and better-developed complaints and put the Bureau in a better position to determine at an earlier stage whether enforcement action is warranted. This initiative is expected to lead to fewer frivolous or unfounded complaints, and increased awareness among businesses and consumers.
<p>Challenges to be addressed</p> <p>With the emergence of the electronic marketplace, clients are demanding faster on-line services related to incorporation.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Provided on-line services through the Corporations Directorate's award-winning e-business environment which received 80 percent or better client satisfaction levels for on-line services. Services include access to forms on-line, same-day incorporation, and secure e-payment 24 hours a day, 7 days a week.
<p>Challenges to be addressed</p> <p>Consumers are reluctant to engage in on-line purchasing (e-commerce) due to concerns about the reliability and integrity of on-line merchants, the adequacy of protection of personal information, security, redress, and delivery.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Developed the On-line Shopping Assistant, an interactive Web tool to aid consumers in conducting safe Internet shopping. Use of the Assistant by consumers is likely to increase their confidence that particular on-line merchants are reliable and will protect the consumers' privacy and security, increasing the chance that they will purchase from that merchant. (strategis.gc.ca/sc_cons/consaffairs/engdoc/i_main.html) ■ Developed and distributed an on-line shopping guide, in cooperation with the federal-provincial-territorial Consumer Measures Committee, and the Canadian Association of Internet Providers. Use of the guide by consumers is likely to increase their confidence that particular on-line merchants are reliable and will protect consumers' privacy and security, increasing the likelihood that consumers will purchase from that merchant.
<p>Challenges to be addressed</p> <p>There is a need to help users control their Internet environment in dealing with lawful content that may be offensive. Consumer awareness of existing initiatives is also an issue.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Released the findings of the <i>Young Canadians in a Wired World</i> research project. The survey examined the extent to which Canadian youth are engaging in risky behaviours on the Internet and the positive impact that parental guidance and involvement can make. (strategis.gc.ca/SSG/sf05382e.html) ■ Through the Spectrum, Information Technologies and Telecommunications Sector (SITT), also collaborated with Scouts Canada, the RCMP and other government departments in funding an interactive safety program consisting of a training module, short video, interactive Web site and kit called "Be Bright, Think Right." The project targets children aged 5 to 11, and promotes sound Internet practices through an interactive questionnaire and scenarios that children face while surfing the Internet.

INVESTMENT: Improving Canada's position as a preferred location for domestic and foreign investment

KRC 1: Improved domestic and international investment climate

Challenges to be addressed

There is a need to address real and perceived regulatory impediments to foreign and domestic investment (concerning the environment, marketplace, immigration, taxation and intellectual property) without compromising the public interest served by the regulations.

Accomplishments

- In priority sectors, contributed to the resolution of investment climate issues such as immigration (spousal work permits, expedited entry, temporary entry), taxation measures, including R&D, and highly qualified people challenges.
- In Industry Canada's role as administrator of the *Investment Canada Act*, efficiently reviewed 42 applications from foreign investors with the goal of ensuring their investments were of benefit to Canada. In addition, Industry Canada received 629 notifications from foreign investors establishing new businesses or acquiring Canadian businesses in Canada.

Challenges to be addressed

There is a need for better current knowledge and understanding of key impediments to investment resulting from government policies.

Accomplishments

- Developed information papers and slide presentations on key industry sectors, for the benefit of potential foreign investors and others wanting information on investing in Canada. (www.investincanada.gc.ca)

Challenges to be addressed

Stronger and more strategic partnerships are needed in dealing with the investment climate.

Accomplishments

- Partnered with a number of organizations through the Program for Export Market Development-Investment (PEMD-I), a financial assistance program to help Canadian communities become investment-ready. The "investment-ready" status encompasses comprehensive economic development strategies, long-term capacity building, community networking and job growth. PEMD-I received 235 applications, and approved 183, for a total approved assistance of \$2.7 million, including \$520,000 for 41 communities in British Columbia. (www.invest-bc.com)
- Consulted broadly with stakeholders and formed alliances with a broad range of provincial and municipal governments with an interest in public-private partnerships (PPP) procurement. Two new tools were developed: a how-to guide on conducting a public sector comparator, and a repository of contractual information. More than 500 Ontario public servants were trained on PPP using the Industry Canada curriculum.

KRC 2: Canada branded and recognized as an investment location of choice

Challenges to be addressed

Investors undervalue Canada's investment attributes; there is a lack of business awareness and consideration of Canada as an investment destination.

Accomplishments

- Developed an effective investment Web site, which has been re-engineered to comply with GOL standards. (www.investincanada.gc.ca)
- Created toolkits such as "Think Canada! Think Chemical!" "Think Canada! Think Aerospace!" and "Think Canada! Think Automotive!" along with a medical devices promotion deck.
- Participated in the BIO 2001 international biotechnology convention and exhibition to promote the opportunities within Canada and to raise the profile of the Canadian biotechnology industry.
- Measured the impact of major events such as BIO 2001, and Committee for Economic Development in New York City.
- Contributed to the development of Globe 2002, a biennial trade fair and conference that raises the profile of the Canadian environmental industry, where innovative environmental technologies, services, and solutions were showcased to more than 1,750 delegates from over 70 countries and from multiple industrial sectors, non-governmental organizations, and government institutions.

<ul style="list-style-type: none"> ■ Promoted Canada's success in fostering competition in telecommunications and new Internet services through leadership and participation in international telecommunications and new media forums in Europe, the Americas and Asia (e.g. the International Telecommunication Union, APEC, Inter-American Telecommunications Commission (CITEL), the OECD, the International Institute of Communications). Meetings were also held with leading regions and countries such as the European Union, the United States, the United Kingdom, France and Japan, and developing countries such as Mexico, China, Peru and Bolivia.
<p>Challenges to be addressed</p> <p>There is a lack of appropriate comparative information on Canadian investment opportunities provided by partners and others.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Provided financial support to KPMG for analysis and publications regarding specialty sectors such as the ICT, chemicals, plastic products, aerospace and automotive sectors. ■ Sought branding initiatives through an e-branding event in New York City, the International Telecommunication Union Conference, KPMG's Competitive Alternatives, and other key national events and forums to highlight Canada as an investment location of choice. ■ Showcased Canada's leadership in bridging the digital divide, through Canadian contribution to coordination of initiatives of the United Nations, the Connectivity Agenda of the Americas and the work of the G8.
<p>Challenges to be addressed</p> <p>Core messages are not consistently promoted by partners and others.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Developed and implemented a comprehensive ICT marketing and communication plan to convey the Canadian advantage to investors.
<p>KRC 3: Increased attraction and retention of multinational investment in Canada</p>
<p>Challenges to be addressed</p> <p>There is a need for greater investment into Canada by leading firms in key sectors.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Made potential multinational enterprise investors and their Canadian subsidiaries aware of the Canadian advantage — leading to new investment, retention and expansion activities — through the development of an investment strategy, identification of investment targets and the appointment of Company Relationship Managers for the target companies. ■ Worked together with China World Best Group-Investment Partnerships Canada, Industry Canada and the provinces to deliver an investment program for company executives. ■ Participated, with Investment Partnerships Canada, in helping influence an incoming mission of companies to consider Canada as a potential site to expand their wind power operations in April 2002. ■ Successfully attracted and retained a high number of investments in the auto industry.
<p>Challenges to be addressed</p> <p>There is a need for re-investment by multinational firms operating in Canada.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Pursued ongoing communication with chief executive officers of multinational subsidiaries operating in Canada to ensure that the "Canada message" is delivered as strongly as possible within their corporations. ■ Developed a strategy for multinational subsidiary companies within the life sciences sector to promote investment and commercial activity in Canada.
<p>Challenges to be addressed</p> <p>There is a need to develop a systematic and well-coordinated capacity to gather strategic and coherent business intelligence for serious prospective investors.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Developed a database of Canadian companies offering security technologies. ■ Researched ICT clusters across the country to promote cluster capabilities in the international arena.

<ul style="list-style-type: none"> ■ Constructed a Web-based investment data collection and reporting system on a pilot basis at IPC. ■ Began developing a ranking system to identify companies with the greatest investment potential, as well as an internal lead project management system.
<p>Challenges to be addressed</p> <p>There is a need for stronger partnerships and better coordination of investment efforts among interested parties, including the public sector (at the federal, provincial/territorial and municipal levels), non-governmental organizations (e.g. universities and research institutions) and the private sector.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Formed Regional Trade Networks Investment Work Groups with provincial partners in Alberta and Saskatchewan, undertaking 10 collective work elements involving significant resources, people and time. ■ Worked with provincial colleagues in Alberta, Ontario and Quebec, along with DFAIT, to organize and support an investment promotion campaign at a chemical industry event in San Antonio.
<p>KRC 4: Increased investment by SMEs and by Aboriginal businesses</p>
<p>Challenges to be addressed</p> <p>There is a need to develop capacity at the community level to stimulate investment by SMEs and target groups, particularly in Northern and rural Ontario and among Aboriginal people.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Created a new northeastern Ontario Investment pool, providing 15 Community Futures Development Corporations (CFDCs) with greater loan capacity, while sharing risk and potential returns. Continued to support the Community Venture Capital Fund, an investment pool involving five CFDCs in southeastern Ontario.
<p>Challenges to be addressed</p> <p>SMEs and Aboriginal businesses continue to have difficulties in accessing financing.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Aboriginal Business Canada (ABC) builds capacity within Aboriginal business and financial organizations. In 2001–02, ABC provided about \$7 million in support to Aboriginal Capital Corporations, and an additional \$3 million to various Aboriginal business development organizations.
<p>Challenges to be addressed</p> <p>Business capacity is insufficient (e.g. in terms of marketing and promotion).</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Raised awareness among small businesses in the Ontario region of government programs and services through four small business conferences and info fairs, reaching more than 2,000 entrepreneurs and small business owners. The region continues to enhance the client focus of these events by implementing on-line registration and an on-site electronic client feedback questionnaire. These quality improvement measures earned a Public Service Quality Certificate of Excellence as a demonstration of service improvement using on-line technology. ■ Developed and delivered an Investment Preparedness Pilot Program in Winnipeg and Calgary. The program was delivered to 29 companies looking for investment funds between \$500,000 and \$5 million. ■ Developed terms and conditions and began to offer the \$150–million Structured Financing Facility, which is designed to provide competitive financing to purchasers of Canadian-built vessels who cannot use the current accelerated capital cost allowance.
<p>Challenges to be addressed</p> <p>The availability of venture capital is limited.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Organized missions in the IT sector to expose Canadian IT companies to Asian venture capitalists.

TRADE: Working with Canadians to increase Canada's share of global trade

KRC 1: Secure market access maintained and improved

Challenges to be addressed

There is a need to enhance and secure market access and promote a positive investment environment for Canadian goods and services to international markets.

Accomplishments

- In December 2001, received Royal Assent for legislation to implement a Free Trade Agreement (FTA) with Costa Rica. In addition, over the past year, FTA negotiations were launched with Singapore, El Salvador, Guatemala, Honduras and Nicaragua.

Challenges to be addressed

There is a need to address the remaining tariff and non-tariff barriers, and to enhance international discipline in areas such as trade in services, investment, customs procedures, intellectual property, government procurement, standards, competition policy, labour, environment, subsidies and trade remedies.

Accomplishments

- Administered MOUs, joint declarations, and implementation arrangements to promote company capability, and to develop bilateral cooperative arrangements for enhancing Canadian products and technologies.

Challenges to be addressed

There is a need to facilitate cross-border trade and investment while addressing North American security concerns.

Accomplishments

- In December 2001, signed a declaration with the United States to create a Smart Border for the 21st century to enhance border security and facilitate the cross-border movement of goods and people.

Challenges to be addressed

There are various gaps in the harmonization of standards, policies and regulations.

Accomplishments

- Amended the Radiocommunication Regulations and promulgated the Telecommunication Apparatus Regulations to allow the implementation of Mutual Recognition Agreements (MRAs) with various countries. These MRAs will facilitate trade in ICT equipment by shortening time to the marketplace, and by reducing production and testing costs. As well, Industry Canada is now able to delegate private telecommunication certification bodies in Canada.
- Addressed tariff and non-tariff barriers with the APEC Telecommunications Working Group, and enhanced international discipline in areas such as trade in services, investment, customs procedures, intellectual property, government procurement, standards, competition policy, labour, environment and subsidies.
- Launched the China Building Code Committee, to address regulatory issues preventing access to the Chinese market for wood frame construction. Succeeded in getting approval by Chinese review committees for key sections of the Canadian two-by-four construction system.
- Worked with Transport Canada to sign the United Nations World Forum on Harmonization of Automotive Technical Standards.

Challenges to be addressed

Domestic market restrictions hamper a firm's ability to reach the critical mass required to succeed internationally, and place Canadian companies at a competitive disadvantage in their own market.

Accomplishments

- Officials from all senior levels of government across Canada agreed on a recommendation to the Committee on Internal Trade (CIT) Ministers regarding a proposed text to extend transparency and non-discrimination obligations to Crown corporations' large purchases, and on lists of Crown corporations that could be covered by these obligations.

<p>Challenges to be addressed</p> <p>The Agreement on Internal Trade does not cover a number of sectors, including energy and Crown corporations, and elements of the new economy.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Reached an agreement between federal officials and officials from all provinces and territories on a set of options for consideration by internal trade ministers on possible incorporation of an energy chapter in the Agreement on Internal Trade.
<p>KRC 2: Export capability and preparedness</p>
<p>Challenges to be addressed</p> <p>Potential exporters may not be aware of the benefits of exporting, or exporting practices and mechanisms.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Held 493 missions with more than 6,000 clients. These missions served to educate new exporters about practices, regulations, and so on, in order to make their first exporting experience easier. ■ Through the Team Canada Inc Export Information Service, operated by the Canada Business Service Centres (CBSCs), handled more than 10,000 calls in 2001–02. Issues included export regulations, tariffs and logistics (34 percent); how to start exporting (20 percent); and market intelligence (17 percent). As a result, more than half of the callers indicated that they are now export-prepared or active exporters.
<p>Challenges to be addressed</p> <p>Smaller companies, particularly in the new, knowledge-intensive and environmental industries, have difficulty securing support when they attempt to expand into international markets.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Approved 522 Program for Export Market Development (PEMD) applications, for an approved assistance of \$10.7 million. In this fiscal year, an estimated \$170 million of business was influenced through PEMD assistance.
<p>KRC 3: International market development</p>
<p>Challenges to be addressed</p> <p>Canada needs to position itself as an advanced, high-technology economy and a high-quality, competitive, superior, and reliable source of supply in order for Canadian companies to compete effectively in international markets.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Launched SourceCAN (www.sourcecan.com), an on-line database of Canadian company capabilities that enables automated bid matching. International tender opportunities channelled through SourceCAN resulted in more than \$100 million in export sales for Canadian companies in the 11 months ending in April 2002.
<p>Challenges to be addressed</p> <p>More Canadian companies need to recognize and act swiftly on foreign market opportunities. They need:</p> <ul style="list-style-type: none"> ■ information and intelligence on foreign markets and export opportunities that can help them make informed business decisions, access new markets, and secure greater export sales; ■ appropriate contacts and networking opportunities that facilitate access to foreign markets; and ■ an understanding of innovative approaches that can be used to develop international business.
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through Trade Team Canada Sectors, provided Canadian clients with on-line information and intelligence on foreign markets and business opportunities. For example, Trade Team Canada Electric Power Equipment and Services disseminated more than 500 business items to more than 350 companies in 2001–02.
<p>KRC 4: A more coordinated and cohesive approach to international trade development</p>
<p>Challenges to be addressed</p> <p>There is a need for more integrated Industry Canada trade development programs, for greater coordination and integration with the Department's partners through Team Canada Inc, and for better communication and marketing of Team Canada Inc partner services.</p>
<p>Accomplishments</p> <ul style="list-style-type: none"> ■ Through Team Canada Inc partnership, secured funding for a three-year collaborative effort for branding Canada at major trade events.

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