



Industry Canada

1997-98
Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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Approved

Minister of Industry

The Minister's Message

The Industry Portfolio: Building Jobs and Growth through Partnerships and Innovation

Industry Canada is a member of the Industry Portfolio. The department's mission is to foster a growing, competitive, knowledge-based Canadian economy. The department works with Canadians throughout the economy and in all parts of the country to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace. Program areas include industrial and technological development, fostering scientific research, setting telecommunications policy, investment promotion and trade development, tourism marketing and small business development, and rules and services that support the effective operation of the marketplace.

Through the coordinated efforts of its member organizations, the Industry Portfolio is playing a vital role in helping to improve economic growth, and employment and income prospects for Canadians. The Industry Portfolio brings together the key departments and agencies responsible for science and technology, regional development, marketplace services and micro-economic policy. In doing so, the Government of Canada has created a new capacity for partnership and innovation, both within the Portfolio itself and externally, with the private sector and other stakeholders.

As Minister responsible for the Industry Portfolio, I am focussing the Portfolio's activities to help Canadians move confidently into the 21st century. Through the Portfolio, I am working to ensure that our businesses and industries have the best tools and the right conditions to innovate, grow, compete and generate jobs.

The Industry Portfolio Is . . .

- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada
- Canadian Space Agency
- Competition Tribunal
- Copyright Board of Canada
- Federal Office of Regional Development (Quebec)
- Industry Canada
- National Research Council of Canada
- Natural Sciences and Engineering Research Council of Canada
- Social Sciences and Humanities Research Council of Canada
- Statistics Canada
- Standards Council of Canada
- Western Economic Diversification

The technology-driven global economy which has emerged in the 1990s holds much promise, as well as many challenges. To maintain traditional strengths and markets while building new ones, Canadians must innovate. We have to develop and use leading-edge technologies and skills needed in the knowledge-based economy. We need to increase the abilities of our firms and industries to export. We must also enlarge Canada's share of international investment. And we must work to ensure all Canadians, especially our youth, are able to participate fully in the new economy. To achieve these goals, business, governments and individual Canadians have to work together, in partnership.

The Industry Portfolio is playing its part by focussing on three areas of activity -- each crucial for our economic success -- now and into the next century:

- promoting innovation through science and technology
- assisting business to grow by providing information, advice and financing support
- ensuring a fair, efficient and competitive marketplace.

Innovation is the key to success in the global economy. Creative thinking and adopting new technologies and processes keep traditional industries competitive while launching new industries for emerging and expanding markets. The Industry Portfolio is taking a new, risk-sharing approach to investing in technology through partnerships with the private sector. We are also making strategic investments to expand Canada's intellectual resources and advance knowledge.

The Portfolio assists Canadian businesses to increase their competitive advantage and their capacity to expand. Our actions are particularly directed at strengthening the backbone of Canada's economy — small and medium-sized enterprises.

The Industry Portfolio has a vital role to ensure an open and efficient marketplace by setting clear and fair "rules of the game." In this way, we are supporting business activity while protecting consumer and investor interests.

Through its wide range of activities, the Industry Portfolio is contributing to economic growth, increased employment and higher living standards for Canadians in every region, both today and into the new century.

John Manley
Minister of Industry

Preface

This document is a report to Parliament to indicate how the resources voted by Parliament have or will be spent. As such, it is an accountability document that contains several levels of details to respond to the various needs of its audience.

Part III of the Main Estimates for 1997–98 is based on a revised format intended to make a clear separation between planning and performance information, and to focus on the higher-level, longer-term plans and performance of departments.

The document is divided into four sections:

- Overview
- Plan
- Performance Report
- Supplementary Information.

It should be noted that, in accordance with Operating Budget principles, human resources requirements reported in this document are measured in terms of employee full-time equivalents (FTEs).

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Overview

Mission and Role

- All industrialized countries face unprecedented change as the world moves toward a 21st-century economy, which will increasingly be knowledge-based, global in nature and characterized by rapid technological advances. Since its creation in 1993, Industry Canada has endeavoured to help Canadians build an economy based on the goals of sustainable growth, job creation, and higher incomes. Government on its own cannot achieve these goals; it is the private sector that generates growth and creates jobs. Government can, however, help create an environment that encourages private sector innovation, sustainable growth and job creation.

INDUSTRY CANADA MISSION

Fostering a growing, competitive, knowledge-based Canadian economy that:

- provides more and better-paying jobs for Canadians
- supports stronger, sustainable business growth
- gives consumers, businesses and investors confidence that the marketplace is fair and efficient.

- As part of its *Jobs and Growth Agenda*, the federal government has rethought and refocused its role in the economy. Rather than subsidizing activity and jobs, the government is working to address the structural factors that will most directly contribute to Canada's economic expansion over both the short and longer term.
- These structural factors — globally competitive trade and investment regimes, science and technology development and diffusion, an advanced information and

telecommunications infrastructure, a skilled work force and a healthy marketplace climate — are of critical importance. Countries that adapt rapidly to the realities of today's economy will improve the standard of living for their citizens.

Industry Canada has a number of micro-economic instruments to help create the climate for a growing economy . . .

- Industry Canada has a range of micro-economic instruments to help promote the growth of a rapidly evolving, increasingly knowledge-based economy — an economy where government sets the legislative and regulatory framework and provides leadership on key emerging issues. For Industry Canada, these instruments include activities such as industrial and technological development, fostering scientific research, setting telecommunications policy, investment promotion, trade development, tourism marketing and small business development.
- In addition, the department provides information and services that support the effective operation of the marketplace. Some 20 legislative Acts set the policy and regulatory framework in such areas as intellectual property, bankruptcy and insolvency, weights and measures, competition and the restraint of trade, incorporation and corporate governance, packaging and the performance of non-food consumer products (except safety), and spectrum management.

. . . and promote sustainable development . . .

- The department promotes sustainable approaches to the development of the country's industrial economy, in partnership with industry. Canadian companies have made considerable progress in reducing pollutants, limiting waste and energy use and improving natural resources management in recent years. Continuing these efforts is essential to meet the needs of present and future generations and the standards of the global marketplace.



. . . working with Canadians throughout the economy and in all parts of the country . . .

- Through its various roles and activities, Industry Canada serves a diverse client base. Clients range from firms in such sectors as telecommunications, aerospace, forestry and manufacturing, to a variety of service sector activities, to small businesses in all sectors of the economy, and also include science and academic communities, consumer organizations and professional groups. All of these groups are linked by the important role that investment, innovation, trade and a fair and efficient marketplace play in determining their future economic prospects.
- The department serves its clients in all regions of Canada through its headquarters in the National Capital Region and through five main regional offices located in Halifax (Atlantic), Montréal (Quebec), Toronto (Ontario), Edmonton (Prairies and Northwest Territories), and Vancouver (Pacific). In addition, subsidiary service points are located in over 50 communities across the country (see Figure 1).

Strategic Objectives

Industry Canada is focussing on four key strategic objectives aimed at improving the climate for economic growth in Canada . . .

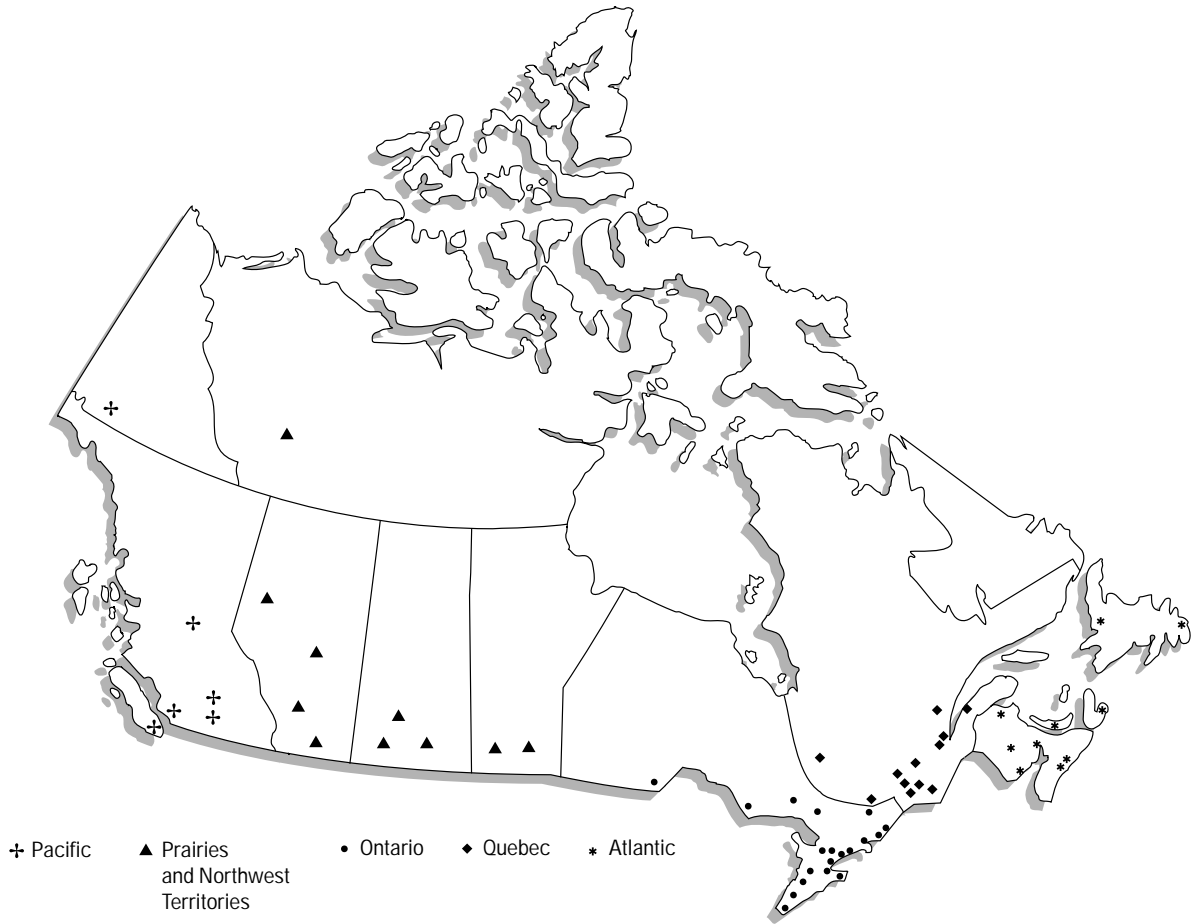
INDUSTRY CANADA'S STRATEGIC OBJECTIVES

- Improving conditions for investment in the Canadian economy
- Improving Canada's innovation performance and the transition to the knowledge-based economy
- Working with Canadian companies to increase Canada's share of global trade
- Building a fair, efficient and competitive marketplace for businesses and consumers

- **Improving conditions for investment**, both foreign and domestic, contributes strongly to economic growth. Investment in research and development is required to create the new products and processes that will increase our productivity and make Canada more competitive internationally. Investment in plant, equipment and processes is fundamental to Canada's long-term competitiveness. Foreign direct investment brings not only immediate jobs and growth, but also access to global technology pools and management expertise. The level of investment inflow from abroad is also a hallmark of international confidence in our economy.
- **Improving Canada's innovation performance and the transition to the knowledge-based economy** drives productivity increases. Without innovation, real income growth will not meet society's expectations. Activities in the innovation chain include basic research carried out in public laboratories (e.g. the Communications Research Centre), development of a skilled scientific and technical work force, research and development conducted by large and small firms to develop new products, the application of leading-edge technologies in the workplace and the building of the Canadian information and communications infrastructure.
- **Increasing Canada's share of global trade** is a direct outcome of investment and innovation. Companies that succeed internationally generally do so because they have invested in leading-edge, high-quality and competitively priced products and services that are marketed globally. Increasing the number of exporting firms (especially small and medium-sized enterprises) in all sectors and expanding the markets to which they export hold great potential to create long-lasting, high-quality jobs. And succeeding globally usually means a firm is more competitive at home.
- **Building a fair, efficient and competitive marketplace** is the foundation for investment, innovation and trade. It provides the stability and efficiency required to conduct business while maintaining the confidence of consumers in the products, services and transactions of our marketplace.

OVERVIEW

FIGURE 1
Industry Canada Regional Offices: Serving Clients across Canada



Pacific Region

*Whitehorse
 Prince George
 Vancouver
 Victoria
 Penticton
 Kelowna*

Prairies and Northwest Territories Region

*Yellowknife
 Grande Prairie
 Edmonton
 Calgary
 Lethbridge
 Saskatoon
 Swift Current
 Regina
 Winnipeg
 Brandon*

Ontario Region

*Sault Ste. Marie
 Thunder Bay
 Barrie
 Kitchener
 London
 Chatham
 Windsor
 Hamilton
 St. Catharines
 Mississauga
 Toronto
 Don Mills
 Belleville
 Kingston
 Brockville
 Ottawa
 Acton
 North Bay
 Sudbury*

Quebec Region

*Trois-Rivières
 Val-d'Or
 Laurentides
 Montréal
 Hull
 Saint-Rémi
 Sherbrooke
 Sainte-Foy
 Rive-sud
 Rimouski
 Sillery
 Chicoutimi*

Atlantic Region

*Charlottetown
 Moncton
 Bathurst
 Fredericton
 Saint John
 Halifax
 Dartmouth
 Sydney
 Corner Brook
 St. John's*

. . . to achieve these strategic objectives requires a strong partnership with our clients . . .

- Achieving these strategic objectives requires a concerted effort among many partners and stakeholders from businesses, associations, workers and consumers as well as other federal departments and other levels of government.

Lines of Business

To deliver on these strategic objectives Industry Canada is organized around three principal lines of business¹. . .

<p>INDUSTRY CANADA'S THREE LINES OF BUSINESS</p> <ul style="list-style-type: none"> ■ Micro-Economic Policy ■ Industry Sector Development ■ Marketplace Rules and Services
--

Micro-Economic Policy

- Develops the policies, strategies and frameworks needed to improve Canada's productivity growth and help Canadians take advantage of the knowledge-based economy. Policy activities focus on research, analysis and development of policy and legislative frameworks that encourage increased investment, innovation, the transition to a knowledge-based economy, the development of a world-leading Information Highway, stronger and more diversified trade and a healthy marketplace climate.

Industry Sector Development

- Helps improve the competitiveness of Canadian businesses by working with them to improve the climate for growth, identify and overcome barriers to growth and take advantage of emerging opportunities. This includes strategic approaches to trade development, investment, technology and sustainable development. In

this overall context, the department also has several specific activities directed toward small businesses (Small Business Loans Administration), telecommunications research and development (Communications Research Centre), developing the Information Highway and new ways of delivering strategic information through *Strategis*, economic development in Northern Ontario (the Federal Economic Development Initiative for Northern Ontario), Aboriginal economic development (Aboriginal Business Canada) and tourism marketing and promotion (Canadian Tourism Commission).

Marketplace Rules and Services

- Promotes a fair, efficient and competitive marketplace for business and consumers and promotes Canadian marketplace standards internationally. Confidence in the marketplace expands investment and innovation, leading to improved trade performance. By providing information and services, and developing and administering marketplace standards and regulations, this business line enables businesses and consumers to contribute to and benefit fully from an efficient and stable marketplace. Components of this business line include bankruptcy and insolvency supervision, incorporations and corporate governance, measurement regulation, intellectual property protection and dissemination, consumer information and marketplace analysis, consumer labelling and advertising regulation, competition law enforcement and spectrum management.

These lines of business are supported by . . .

Corporate and Management Services

- Provides the infrastructure and support required to deliver the best possible service to Canadians by increasing efficiency through developing new ways of interacting with clients using information technology, streamlining management practices, renewing and revitalizing our work force, communicating what we do, and encouraging the highest standard of public service.

Figure 2 sets out how the department's lines of business contribute to our strategic objectives and economic goals.

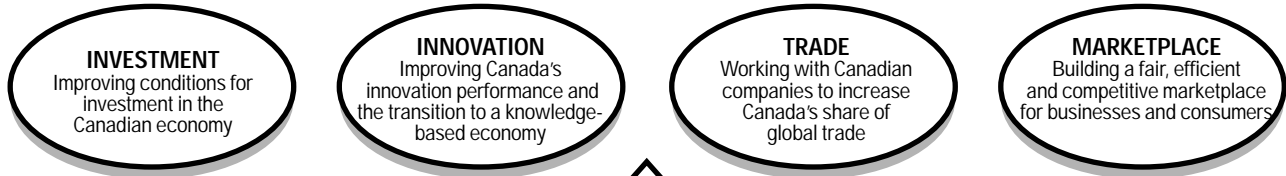
¹ An organization chart detailing the department's structure is contained in the *Supplementary Information* section.

OVERVIEW

FIGURE 2



STRATEGIC OBJECTIVES



WORKING WITH INDUSTRY CANADA'S CLIENTS AND PARTNERS Our Performance Goals by Business Line

MICRO-ECONOMIC POLICY	INDUSTRY SECTOR DEVELOPMENT	MARKETPLACE RULES AND SERVICES
<ul style="list-style-type: none"> • Conduct and support leading-edge research on micro-economic issues as a basis for current and future policy decisions • Develop modern and effective marketplace framework laws and policies • Increase trade and investment through participation in the development and implementation of investment and trade policies • Design policy and regulatory frameworks for the Information Highway that support competition • Implement the federal Science and Technology Strategy and other Science and Technology initiatives 	<ul style="list-style-type: none"> • Increase the number of exporting firms and diversify markets • Attract new foreign direct investment and retain existing investment • Encourage technological innovation in industry to improve the rate of adoption of advanced technologies • Promote growth of the information technologies and telecommunications industries • Place Canada and Canadians at the leading edge of the global Information Highway • Conduct and support R & D in advanced telecommunications technologies through the Communications Research Centre • Produce and deliver strategic business information to Canadian businesses through <i>Strategis</i> • Improve SME access to capital and information • Improve economic development in Northern Ontario through FedNor • Strengthen Aboriginal businesses and their capital base through Aboriginal Business Canada • Increase the global awareness of Canada as a desirable tourist destination and provide information to the tourism industry to support decision making through the Canadian Tourism Commission 	<ul style="list-style-type: none"> • Deliver information and services that enable businesses and consumers to contribute to, and benefit from, an efficient and stable marketplace and respond to changing conditions • Develop standards and regulations that encourage a fair, efficient and competitive marketplace • Administer and enforce marketplace laws and regulations to maintain business and consumer confidence • Promote international acceptance of Canadian marketplace standards to help Canadian businesses compete internationally



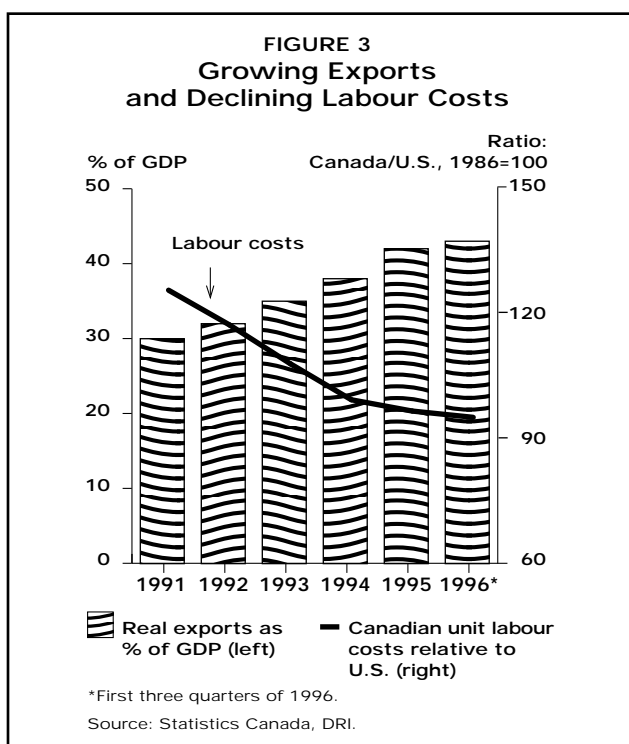
CORPORATE AND MANAGEMENT SERVICES			
<ul style="list-style-type: none"> • Manage and control departmental funds • Increase efficiency by developing new ways of interacting with clients using information technology, better facilities management and management consulting 	<ul style="list-style-type: none"> • Streamline management practices and improve risk management, performance measurement and accountability 	<ul style="list-style-type: none"> • Renew and revitalize the work force to provide the best possible service to Canadians • Communicate to Canadians what Industry Canada does 	<ul style="list-style-type: none"> • Promote the highest standard of public service



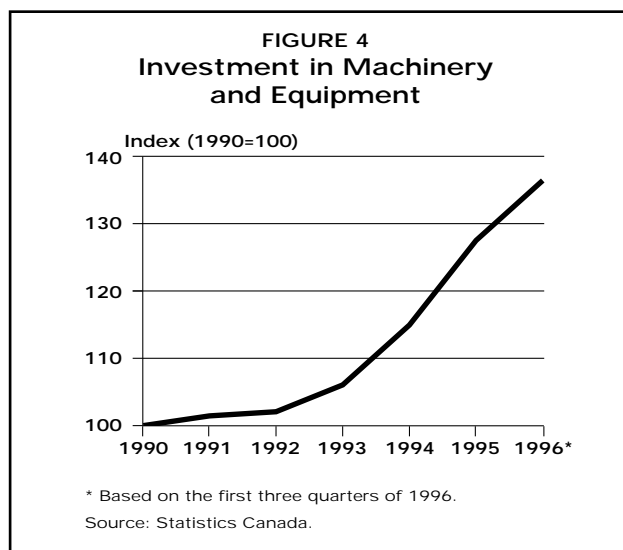
Opportunities and Challenges

The economy has been steadily strengthening over recent years, particularly on the traded goods side . . .

- Growth in Canada over the three-year period to the third quarter of 1996 averaged 2.7%, driven largely by the export sector and machinery and equipment investment. Domestic demand has been sluggish due to high levels of personal debt and relatively weak consumer confidence.
- The private sector created 790,000 net new jobs between October 1993 and December 1996.² This growth was offset by a decline of 85,000 public sector jobs, for net job growth of 705,000, some 78% of which were full-time jobs. Private sector job creation has mirrored economic growth, with traded goods and technology-intensive sectors accounting for most of the growth over this period.



- Exports and our overall merchandise trade balance are at record highs. After adjusting for inflation, the value of exports is more than 60% higher than it was five years ago. Moreover, after 13 years of deficits, Canada registered current account surpluses in the second and third quarters of 1996. Declines in the value of the Canadian dollar and reductions in labour costs relative to those in the United States have made Canadian goods and services much more competitive in our largest export market (Figure 3).
- Canadian businesses have been investing in more productive equipment and processes in recent years. Strong investment in machinery and equipment should help make Canadian producers more competitive in the future (Figure 4).



. . . and the macro-economic situation is much improved . . .

- The federal deficit has declined enormously over the past four fiscal years. As a share of the total value of goods and services produced in the economy (GDP), the deficit has fallen from 6% in 1992-93 to an anticipated 2% in 1997-98.

² Based on Statistics Canada labour force survey data for October 1993 and December 1996.

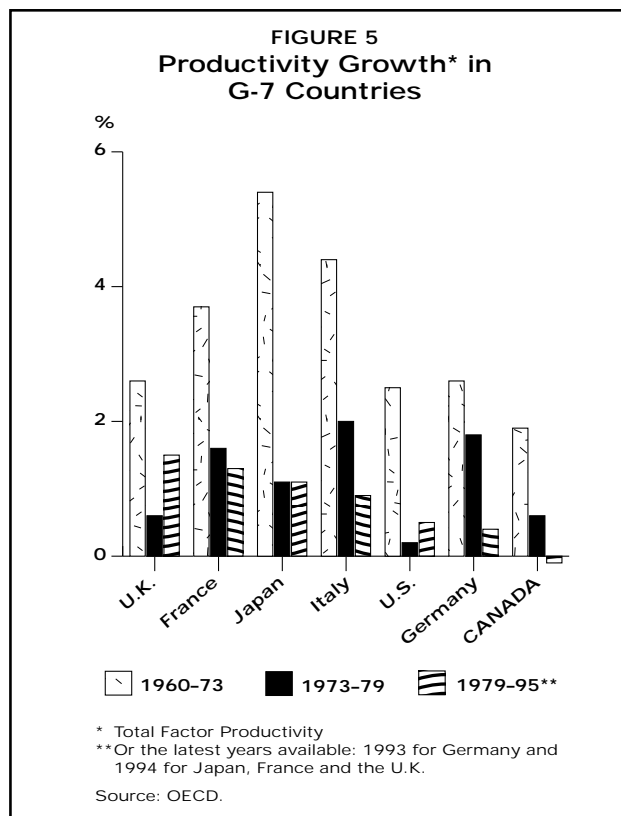
- Over the same period, the government's financial requirements for net new borrowing declined from 5% of GDP in 1992–93 to 0.7% of GDP (about \$6 billion dollars) in 1997–98. By 1998–99, the government expects net new borrowing requirements to be eliminated.
- Inflation is now at the lowest level since the 1960s. Over the past four years (to the third quarter of 1996), our inflation rate has averaged 1.4%. By comparison, it averaged 1.4 percentage points higher in the U.S. Among our major trade partners, only Japan now has a lower inflation rate.
- These developments have allowed interest rates to fall to their lowest levels in a generation — greatly reducing the debt burden on governments and consumers, and improving the competitiveness of Canadian business. Canadian interest rates are now lower than U.S. rates out to seven years on the yield curve,³ increasing the attractiveness of Canada as a location for business expansion.

But structural challenges still exist, due in part to poor productivity performance . . .

- Total Factor Productivity (TFP) is the broadest measure of the economy's efficiency in turning labour, capital, raw materials and ideas into goods and services. Our real wages and standard of living are largely determined by how fast our TFP grows. Over the past two decades, TFP growth has been weak, both in absolute terms and in comparison with our major trading partners. This is one of the major underlying causes of this period's weaker performance in other areas, such as real income growth and job creation (Figure 5).

. . . and our record on innovation has to be strengthened as part of rebuilding Canada's productivity performance . . .

- The Organisation for Economic Co-operation and Development (OECD), in a recent study of Canada's economy, has noted the presence of an "innovation gap" — a sluggishness in turning our good ideas into



products and services for world markets, and a lag in the rate at which Canadian companies adopt best-practices technologies from around the world. For example, less than 1% of Canadian companies invest in research and development (R&D) and most of that activity is concentrated in a handful of companies (25 companies account for almost half of all industrial R&D performed in Canada). In addition, as a 1993 survey underscored, firms in five key industry sectors lagged behind their U.S. counterparts in the adoption of advanced manufacturing technologies.

. . . and while foreign direct investment (FDI) has risen, our share of global FDI has fallen . . .

- Foreign direct investment (FDI) is a valuable contributor to jobs and growth and a source of leading-edge global technology as well as managerial and marketing best practices.

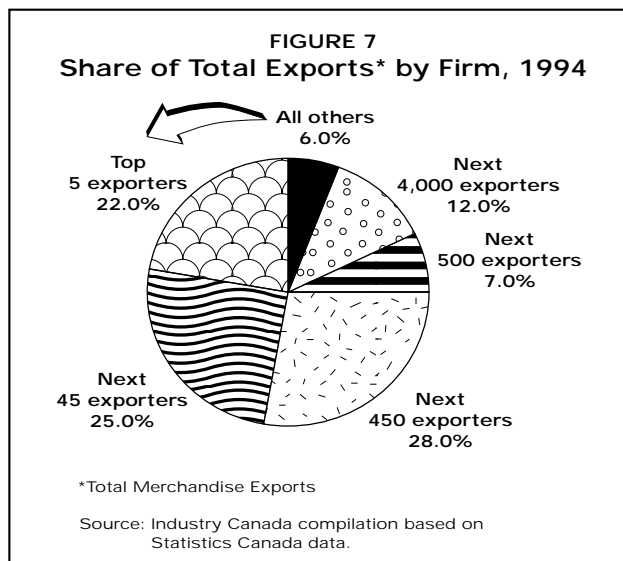
³ As of mid-January 1997.

- While FDI in Canada doubled between 1985 and 1995, our share of the world stock of FDI fell from 8.9% to 4.6% (Figure 6).



... and our strong trade performance can be better still ...

- Canada is one of the world's most open economies. The value of exports and imports of goods and services represents approximately 72% of GDP, more than in any other G-7 country. However, this strong trade performance is concentrated in a narrow range of companies, trading extensively with a relatively narrow range of countries.
- For example, 50 large companies account for 47% of our exports (Figure 7). Among small and medium-sized enterprises (SMEs), the main employers in our business community, only about 10% trade internationally.
- And the U.S. share of our exports has grown to more than 80%. We have begun to exploit new growth markets in the Asia Pacific rim and South America, but aggressive competition in both regions requires concentrated, long-term efforts.



Moving Ahead: Performance Goals Based on Our Achievements across Three Business Lines

- Recent economic performance indicates that the Canadian economy is on the right track, but we need continued focus on improving investment, innovation and trade development, supported by modern, effective marketplace rules and services, in order to strengthen growth. With partners and stakeholders, Industry Canada will continue to help improve the climate for growth and job creation in Canada.
- The following sections set out what Industry Canada has achieved recently, what it intends to achieve over the next three years, and how it plans to do so.⁴

Micro-Economic Policy

- **We have conducted and supported leading-edge micro-economic research as a basis for policy decisions.** This work included organization of conferences, lecture series, seminars and roundtables, publication of conference volumes and papers on trade, investment, infrastructure, technology and other micro-economic issues, along with continued research on SME issues.

⁴ Accomplishments noted are for fiscal 1995-96 and to end of calendar 1996, unless otherwise noted.

Over the period ahead, we will continue to expand our micro-economic research program, focussing on the causes of Canada's weak productivity growth, the nature of the innovation gap in Canada and what can be done to address it, and the policy environment to support electronic commerce.

- **We have updated and reviewed a number of our marketplace framework laws and policies over the last year and a half** (see box). Looking ahead, we will be amending the *Small Business Loans Act*, the *Canada Business Corporations Act* and the *Canada Co-operative Associations Act*. Over the medium term, we will look at further modernization of intellectual property statutes, including the review of issues pertaining to the Internet/Information Highway; consider further *Bankruptcy and Insolvency Act* and *Competition Act* amendments; and further develop policies for the use of the National Standards System.

**RECENT ACCOMPLISHMENTS:
MARKETPLACE LEGISLATIVE
REFORM**

- Tabled amendments to the *Competition Act*.
- Tabled amendments to the *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act*.
- Amendments to the *Standards Council of Canada Act* were passed; initiatives to strengthen Canada's National Standards System were implemented beginning April 1996.
- With Canadian Heritage, tabled amendments to the *Copyright Act*.
- Implemented trade-marks changes regarding appellation of origin.
- Consulted on possible amendments to the *Canada Business Corporations Act*.
- Improved the Business Impact Test (BIT) to assess the impact of regulations on businesses.

- **We have worked to increase trade and investment through participation in the development and implementation of investment and trade policies.** This has included launching the International Business Development strategy with the Department of Foreign Affairs and International Trade (DFAIT) and using a Team Canada approach to deliver trade services. We have helped to establish an independent Internal Trade Secretariat for monitoring progress on implementing the Internal Trade Agreement. Over the next several years, we will strengthen our International Business Development strategy by developing performance measures and improving communications networks; work to increase market access and protection for Canadian investments abroad; and organize the 1997 Asia Pacific Economic Cooperation (APEC) SME Ministerial Meeting and Business Forum to foster increased trade, investment and technology relationships among SMEs in the APEC region. We will also continue to work with the provinces to have all parties meet their outstanding commitments in the Internal Trade Agreement and set the stage for needed improvements.
- **Working with Canadian Heritage and private sector stakeholders, we designed policy and regulatory frameworks for the Information Highway that support competition** (see box next page). We will develop a national access strategy for the Information Highway; bring forward proposals for a legislative framework governing the protection of personal data in the private sector; develop policy for the telecommunications infrastructure (e.g. new wireless technologies); and promote Canadian interests in the areas of international telecommunications standardization, radio regulations and access to frequency spectrum and satellite orbital locations.
- **Working with all science-based departments, we brought forward the government's new Science and Technology (S&T) Strategy.** Activities over the period included releasing the government's S&T Strategy (*Science and Technology for the New Century*), which sets priorities for the government's science-based departments and agencies and establishes a new method of governance to coordinate activities; helping to develop and provide secretariat support to the new Advisory Council on Science and Technology (ACST) announced by the Prime Minister; working on an approach to report on federal S&T activities; and launching a major work program on S&T indicators

**RECENT ACCOMPLISHMENTS:
A NEW CONVERGENCE POLICY**

- Industry Canada and Canadian Heritage issued the government's convergence policy in August 1996, setting the framework for competition in all Information Highway facilities, products and services while providing for continued support for Canadian content.
- Industry Canada created a more open marketplace for new wireless communications services by opening up two new spectrum allocations for local multipoint communications systems (LMCS) and personal communications services (PCS).
- With Canadian Heritage, Industry Canada developed policy directions for Direct-to-Home broadcasting services.

with Statistics Canada. Looking ahead, we will make S&T progress and plans transparent through an annual report to Parliament; continue to support the work of ACST and the Committee of Federal S&T Advisory Bodies; improve linkages between business and academe through the Networks of Centres of Excellence; strengthen the commercialization of S&T through, for example, Technology Partnerships Canada; improve our understanding of the role of S&T in the economy through better statistics and indicators; and work with our Portfolio partners in implementing the Industry Portfolio S&T Action Plan.

Industry Sector Development

- **We have introduced new approaches designed to increase the number of exporting firms and diversify markets** (see box next column). In the coming years, we will allocate federal international business development resources more strategically to industry sectors through Canada's International Business Strategy (CIBS); expand trade development networks through the National Sector Teams and the Regional Trade Networks; strengthen services to exporters by better targeting; and exploit export opportunities arising from the International Business Opportunities Centre.

**RECENT ACCOMPLISHMENTS:
INTERNATIONAL BUSINESS
DEVELOPMENT**

- With DFAIT, Industry Canada began to implement the International Business Development strategy, based on a Team Canada approach. This strategy is composed of Canada's International Business Strategy (CIBS), Regional Trade Plans, and the International Business Opportunities Centre (IBOC), all joint initiatives with DFAIT.
- CIBS were developed and implemented for 23 industrial sectors, through 17 national sector teams, providing a more coordinated and strategic approach to trade initiatives.
- Regional Trade Plans and Regional Trade Networks harness the expertise of provincial and territorial governments as well as some municipalities and private sector groups.
- The IBOC has followed over 3,500 trade leads and contacted over 9,000 companies.

- **With DFAIT, Industry Canada launched Investment Partnerships Canada to attract new foreign direct investment and retain existing investment.** We will expand our targeted investment promotion activity through Investment Partnerships Canada. This highly specialized team will identify potential opportunities to retain, expand and attract new international investment, select the best of those opportunities for intense promotion, establish investment strategies for each of the selected opportunities and implement the targeted strategies.
- **We have introduced a major new program, Technology Partnerships Canada (TPC), to encourage technological innovation and improve the rate of adoption of advanced technologies** (see box next page). Over the next three years, we will support technology development in industry through Technology Partnerships Canada; develop Technology Roadmaps to identify critical new technologies; support Phase II

of the Pre-Competitive Advanced Research Network (PRECARN); continue development of the Canadian Technology Network; and revitalize the National Biotechnology Strategy.

**RECENT ACCOMPLISHMENTS:
TECHNOLOGY PARTNERSHIPS
CANADA — STRENGTHENING
OUR TECHNOLOGY BASE**

- Technology Partnerships Canada (TPC) is a central element in the government's agenda to promote technological development as a catalyst for economic growth and job creation through increased productivity and competitiveness.
- TPC will make \$150 million available in 1996-97 (rising to \$250 million in 1998-99) in contingently repayable contributions to firms pursuing targeted technology development. These repayable contributions share both risk and reward with the private sector and are intended to ensure that products with a high potential to stimulate economic growth and job creation reach the marketplace.
- TPC makes investments in technology development to support new environmental technologies, enabling technologies, and aerospace and defence industries including defence conversion.

- **We promoted growth in the information technologies and telecommunications industries, and helped to place Canada and Canadians at the leading-edge of the global Information Highway** (see box next column). We will continue to develop programs to connect Canadians to the Internet. Looking ahead, we will:
 - bring the total number of communities linked to the Information Highway to 1,500 (**Community Access Program**)

**RECENT ACCOMPLISHMENTS:
PLACING CANADA AND
CANADIANS AT THE LEADING EDGE
OF THE INFORMATION HIGHWAY**

- Public access to the Internet for some 380 rural communities was provided in 1996 under the **Community Access Program** (CAP). Over 800 jobs were created for students to work with CAP during the summer of 1996.
- The number of schools connected under **SchoolNet** reached 8,500 of 16,500 schools in Canada; 220 First Nations schools signed agreements to connect.
- **Computers for Schools** is expected to deliver 13,000 computers in 1996-97, for a total of approximately 25,000 computers and 44,000 pieces of software donated since the program began in fall 1993.
- **SchoolNet Digital Collections** has funded the digitization of over 100 heritage and science and technology collections by over 600 young Canadians to display on SchoolNet.
- **SchoolNet Virtual Products** successfully completed the National Graduate Register pilot project, with 10,000 students enrolled to date, and launched 30 new services for SchoolNet.
- **Student Connection** allows post-secondary students to introduce SME managers to innovative on-line methods of meeting their business needs; students gain the business experience and computing skills necessary to compete successfully in today's job market. Since May 1996, more than 1,000 students have been employed and over 6,000 business managers trained.

- develop plans to ensure the long-term viability of **SchoolNet**
 - link all of Canada's 16,500 schools to the Information Highway (**SchoolNet**)
 - develop First Nations on-line educational resources (**SchoolNet**)
 - significantly increase the number of computers and software transferred to schools from governments and the business community (**Computers for Schools**)
 - employ 1,500 young Canadians to digitize historical collections, resulting in 350 new SchoolNet collections (**SchoolNet Digital Collections**)
 - involve over 2,000 students and train more than 50,000 business managers on the Internet's business capabilities (**Student Connection**).
- **We conducted and supported R&D in advanced telecommunications technologies** (see box below). We will expand the number of Communications Research Centre (CRC) partnerships with external organizations to enhance technology diffusion; increase private sector access to CRC's specialized facilities; expand CRC's Innovation Centre in support of Canadian SMEs; and, in partnership with industry, expand CRC research in the connectivity, interactivity, mobility and wireless access and capacity of the communications network of the future.

**RECENT ACCOMPLISHMENTS:
COMMUNICATIONS RESEARCH
CENTRE**

- CRC responded to the Information Highway Advisory Council recommendations by increasing the role of its testbeds (BADLAB, satcom, fibre-optics, wireless), and undertaking research on the interoperability and interconnectivity of radio, satcom and fibre-optics systems.
- The Innovation Centre provided an "incubation" home to eight companies developing innovative products.

- **We produced and delivered strategic business information to Canadian businesses, 24 hours a day, seven days a week, through Strategis** (see box below). Looking ahead, we will enhance *Strategis*, Industry Canada's Internet site and the largest business information site in Canada, by focussing on:
 - an expanded information collection
 - introduction of powerful interactive services, such as diagnostic tools
 - enhancements to interactive program delivery and electronic transactions
 - improved and individually customized interfaces
 - more partnerships to enable greater improvements to *Strategis*, better service to SMEs and more focussed co-marketing

**RECENT ACCOMPLISHMENTS:
STRATEGIS — THE POWER
OF INFORMATION**

<http://strategis.ic.gc.ca>

- *Strategis* is a world of information spread over 325,000 electronic documents, 750,000 pages of searchable text, three billion bytes of economic data, and hundreds of hot links to sites around the world.
- Through *Strategis*, users are able to access the latest information on trade data, micro-economic policies, the marketplace, emerging technologies, and how to manage a business.
- Currently, with over 140,000 hits per business day, *Strategis* is within the top 4% of the busiest Internet sites worldwide. This represents 22,900,000 total hits since *Strategis's* launch in March 1996.
- Over the same period, users have retrieved documents 5,540,000 times from *Strategis*, an average of almost 40,000 per day.
- From March to December 1996, *Strategis* served over 156,000 individual users.

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- targeted marketing to increase the number of SMEs who can benefit from *Strategis*
- continued improvements to client feedback and monitoring capacities including focus groups, on-line feedback and evaluations.
- **We have helped SMEs gain access to capital and information** (see box below). We will continue to provide support to SMEs through the *Small Business Loans Act*; implement the second round of competitions under the Canada Community Investment Plan; and improve business information, tools and technologies of the Canada–Ontario Business Service Centre. We will also continue to provide information on all federal government services and programs dedicated to SMEs through a guide to Government of Canada SME programs and activities, as well as a series of conferences and “information fairs” across the country.
- **We worked to improve economic development in Northern Ontario through the Federal Economic Development Initiative in Northern Ontario (FedNor)**. In the past year, we have established a new approach to economic development in Northern Ontario. This approach, to be implemented over the next several years, focusses on increasing the availability of capital, encouraging the development of telecommunications and business networks, enhancing access to business information and services, supporting trade and marketing efforts, encouraging community partnerships in economic development, and ensuring a strong Northern Ontario voice at the national level.
- **We helped to strengthen Aboriginal businesses and their capital base** (see box below). We will work with the National Aboriginal Economic Development Board to deliver on new priorities and directions for Aboriginal businesses and increase the participation of Aboriginal businesses in the new economy through technology adoption, participation in the Information Highway, youth entrepreneurship and trade initiatives.

RECENT ACCOMPLISHMENTS: SME ACCESS TO CAPITAL AND INFORMATION

- Some 34,000 small businesses registered loans under the *Small Business Loans Act* in 1995–96, supporting the creation of 181,259 jobs.
- The Canada Community Investment Plan was launched, to help communities work with their growth-oriented businesses to access existing local, regional and national sources of risk capital. Eleven communities were selected for funding in 1996–97.
- Since the launch in Regina in November 1996 of the series of 22 small business conferences and information fairs, events in Ottawa, Hamilton, Sudbury, Halifax and Charlottetown have attracted about 9,000 participants, nearly half representing the small business “start-up” category.
- Over 75,000 copies of *Your Guide to Government of Canada Services and Support for Small Business 1996–97* have been distributed. The guide has also been made available electronically on *Strategis*.

RECENT ACCOMPLISHMENTS: ABORIGINAL BUSINESS CANADA

- The program met its target of investing in over 300 Aboriginal firms, in projects involving market expansion, technology improvements or youth entrepreneurship.
- Assistance to Aboriginal businesses has resulted in significant job creation and/or the maintenance of employment, which has had an impact on reducing social assistance dependency.

- **We helped to increase the global awareness of Canada as a desirable tourist destination and provided core statistical information to the tourism industry** (see box next page). Over the coming years, we will expand promotional efforts in key international markets, notably the U.S. leisure market, returning visitors from Europe, and current and emerging markets in the Asia Pacific region; stimulate development of more diverse Canadian travel packages, particularly promoting fall and winter destinations; and integrate Aboriginal tourism into international marketing programs.

RECENT ACCOMPLISHMENTS: THE CANADIAN TOURISM COMMISSION

- The Canadian Tourism Commission was created in January 1995 to expand marketing in domestic and major international markets, in partnership with industry.
- By the fall of 1996, the CTC attracted more than 1,400 partners and increased partner contributions to over \$62 million in 1995-96. These partner funds, combined with Industry Canada's \$50 million investment, will promote Canada as a tourism destination and should help to reduce Canada's travel deficit in the future.
- One joint marketing agreement between the CTC and JCB International, a major credit card company, is increasing awareness of Canada among 34 million cardholders worldwide.

RECENT ACCOMPLISHMENTS ON DELIVERING KEY MARKETPLACE SERVICES: TRANSACTIONS IN 1995-96

- 68,000 intellectual property applications
- 32,000 new articles of incorporation and fundamental changes; amendment, amalgamation, dissolution and name decisions
- 165,000 statutory filings under the CBCA and other corporate laws
- 133,000 information requests related to corporations
- 200,000 compliance and enforcement activities related to federal corporations
- 46,700 competition transactions (complaints, merger prenotifications, advance rulings and information requests)
- 65,400 radio licences, 4,600 broadcast applications and notifications, 250,000 bilateral proposals and international notifications for frequency assignments, 25,500 radio operator examinations, 2,700 radio and telecommunications equipment approvals, and over three million certification labels for telecommunications equipment
- 83,400 total filings, including 78,700 bankruptcies, as part of bankruptcy and insolvency supervision
- 12,000 consumer product inspections and warnings
- nearly 34,000 measurement standards calibrated and certified
- over one million measuring devices (electricity and natural gas meters, scales, liquid meters, etc.) inspected, and 450 prototype measuring devices evaluated and approved for trade use in Canada
- over 15,000 disputes between buyers and sellers of electricity and natural gas investigated and resolved

Marketplace Rules and Services

- **We delivered information and services that enable businesses and consumers to contribute to, and benefit from, an efficient and stable marketplace** (see box next column). We will process over five million marketplace service transactions annually with higher productivity and efficiency; develop new services and information products such as electronic filing for incorporations, distribution of information through *Strategis* and production of spectrum licences and invoices locally.
- **We improved standards and regulations to better encourage a fair, efficient and competitive marketplace.** We revised regulations and standards to reduce paper burden and costs for business in key areas related

to consumer products, patent and trade-mark rules, bankruptcy supervision, incorporations, competition information, and spectrum management. In the period ahead, we will undertake regulatory reform in support of amendments to marketplace legislation, including revising selected radio communication and broadcasting regulations, technical standards and regulatory procedures to allow introduction of digital radio and television broadcasting, and examining credit disclosure rules.

- **We administered and enforced laws and regulations that maintain business and consumer confidence.** We will promote more industry self-regulation in areas such as accurate pricing with electronic scanners, work with provinces in formulating cooperative enforcement strategies for consumer protection, and expand education, information and feedback mechanisms to promote compliance.
- **We promoted international acceptance of Canadian marketplace standards that help Canadian businesses compete internationally.** We negotiated international cooperative arrangements that supported development of international standards or coordinated approaches for measuring devices, textile and precious metals marking, telecommunications equipment, patent protection for deposit of micro-organisms, and cross-border deceptive marketing practices. We will continue to work with other departments to promote Canadian “marketplace framework” interests abroad by participating in international fora such as the World Trade Organization, the North American Free Trade Agreement, the OECD, the World Intellectual Property Organization, the World Radio Conference, the International Committee of Legal Metrology, and International Organization for Standardization (ISO) Technical Committees; and increase international coordination and cooperation among marketplace enforcement and service providers in key areas such as competition law and policy, consumer protection, measurement and intellectual property.

Moving Ahead: Developing New Ways of Working

Managing a shrinking financial and human resources base . . .

- Improving Canada’s economic performance and prospects significantly depends on bringing the federal deficit and debt under control. Industry Canada, like other federal departments, is making a major contribution to this effort. In the February 1995 Budget, Industry Canada’s financial resources were reduced by more than 50% (not counting the Canada–Ontario Infrastructure Works program), its staff was reduced by more than 20%, and the number of Industry Canada programs was cut from 54 to 11. Over the past year, a number of new programs such as Technology Partnerships Canada have been approved, but all have been financed by reallocation either within Industry Canada or from within existing government resources. The department’s budget continues to decline, dropping from \$968 million in 1996–97 to \$710 million in 1999–2000.

. . . while responding to a growing desire from both the private and public sectors to see a major improvement in the efficiency and responsiveness of government . . .

- Meeting the department’s goals with the resources available will require the adoption of a number of innovative measures. These include designing new kinds of organizations that are better able to respond to client needs; developing the skills and knowledge of staff; and using the most up-to-date work practices and technologies to reduce costs and improve service quality.

Industry Canada is developing new ways of working to get greater value from diminishing resources and serve clients better . . .

- Industry Canada has launched a number of initiatives to modernize programs and services to meet the needs of Canadians, today and in the future. They include:
 - Using **information technology** to provide more accessible, relevant and responsive information products and services to clients at less cost. *Strategis* is Industry Canada’s flagship vehicle for providing service to clients more efficiently and effectively 24 hours a day, seven days a week. Without the use of electronic technology, this scale of client reach would be impossible to achieve, regardless of budget cutbacks.
 - Identifying more opportunities for **alternative service delivery** including re-engineering processes, creating more flexible institutional structures, entering into partnerships with the private sector and other levels of government, and privatizing certain services. The department has five Special Operating Agencies (SOAs) or equivalent (see box below) established or approved, with more to come. These agencies are part of the department and, in several cases, also have significant input from private sector advisory boards.

INDUSTRY CANADA’S SPECIAL AGENCIES

- Canadian Intellectual Property Office
- Canadian Tourism Commission
- Communications Research Centre
- Measurement Canada
- Technology Partnerships Canada

- Improving **results measurement and accountability** to Parliament and to clients, enhancing the department’s ability to report factually on its performance related to its key goals and strategies, and ensuring it continues to deliver cost-effective programs and services that meet the needs of Canadians.
- Expanding **partnerships** with the private sector and other governments, nationally and internationally, to help achieve common goals. Leading-edge partnerships developed through Trade Team Canada (e.g. National Sector Teams), Investment Partnerships Canada, Technology Partnerships Canada, the Canada Business Service Centres, the Canadian Network for the Advancement of Research, Industry and Education (CANARIE), the Communications Research Centre, and the Canadian Tourism Commission are examples of the department’s new approach.
- Developing **quality service initiatives** to improve understanding of client needs and expectations, setting client service standards, increasing employee training and seeking client feedback.
- **Renewing and revitalizing Industry Canada’s work force** through a university recruitment program, more effective career planning approaches, better training for both staff and management, and introducing innovative management practices to improve the working environment.
- Achieving **more effective financial management** with more emphasis on the collection and reinvestment of repayable contributions and revenues, including fuller cost recovery and increased use of vote netting and other financial mechanisms.
- Improving **client consultation** as part of the development of policy frameworks, programs and services.



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FIGURE 8
Spending Authorities
Authorities for 1997-98 - Part II of the Estimates
Financial Requirements by Authority

Vote	(thousands of dollars)	Main Estimates 1997-98	Main Estimates 1996-97
Industry Canada Program			
1	Operating expenditures	430,141	440,559
5	Grants and contributions	409,039	447,160
(S)	Minister of Industry — Salary and motor car allowance	49	49
(S)	Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10,000	10,000
(S)	Canadian Intellectual Property Office Revolving Fund	(4,373)	(1,073)
(S)	Liabilities under the <i>Small Business Loans Act</i>	47,000	44,000
(S)	Contributions to employee benefit plans	30,811	26,214
	Total Budgetary	922,667	966,909
L10	Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	300	300
L15	Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	500	500
	Total Non-budgetary	800	800
	Total Program	923,467	967,709

INDUSTRY CANADA PLAN AND PERFORMANCE REPORT

Spending Authorities (cont'd)
Authorities for 1997-98 - Part II of the Estimates
Financial Requirements by Authority

Votes	Wording and Amounts	1997-98
Vote	(dollars)	Main Estimates
Industry Canada Program		
1	Industry Canada — Operating expenditures, and authority to expend revenue received during the fiscal year related to Communications Research and Bankruptcy	430,141,000
5	Industry Canada — The grants listed in the Estimates and contributions	409,039,000
L10	Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	300,000
L15	Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	500,000

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**FIGURE 9
Departmental Overview**

(thousands of dollars)	Main Estimates 1996-97*	Main Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Gross Estimates	1,028,307	997,362	929,351	785,443
Revenue credited to the Vote	(60,598)	(73,895)	(75,476)	(75,476)
Total Main Estimates	967,709	923,467	853,875	709,967
Revenue credited to the Consolidated Revenue Fund	(243,002)	(305,096)	(325,446)	(278,491)
Estimated cost of services by other departments	47,998	51,197	51,197	51,197
Net Cost of the Department	772,705	669,568	579,626	482,673

*Does not reflect Supplementary Estimates — Actual Main Estimates only.

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FIGURE 10
Net Cost of the Department by Business Line/Activity

(thousands of dollars)		1997-98 Main Estimates						
Business Lines/ Activities	Operating	Capital	Grants and Contri- butions	Gross Total	Statu- tory Pay- ments*	Gross Expen- ditures	Less:	Total Main Estimates
							Revenue Credited to the Vote	
Micro-Economic Policy	58,158	—	18,914	77,072	—	77,072	—	77,072
Marketplace Rules and Services	171,647	—	1,045	172,692	—	172,692	(65,726)	106,966
Industry Sector Development	152,523	—	389,080	541,603	57,800**	599,403	(8,169)	591,234
Tourism***	52,487	—	—	52,487	—	52,487	—	52,487
Corporate and Management Services	95,708	—	—	95,708	—	95,708	—	95,708
	530,523	—	409,039	939,562	57,800	997,362	(73,895)	923,467
Other Revenues and Expenditures								
Revenue credited to the Consolidated Revenue Fund	—	—	—	—	—	—	—	(305,096)
Estimated cost of services by other departments	—	—	—	—	—	—	—	51,197
Net Cost of the Department	—	—	—	—	—	—	—	669,568

* Does not include contributions to employee benefit plans and other, which are allocated in the operating expenditures.

** Includes \$800,000 of non-budgetary loans, investments and advances.

*** Plan and Performance information for Tourism appears with Industry Sector Development in this document.

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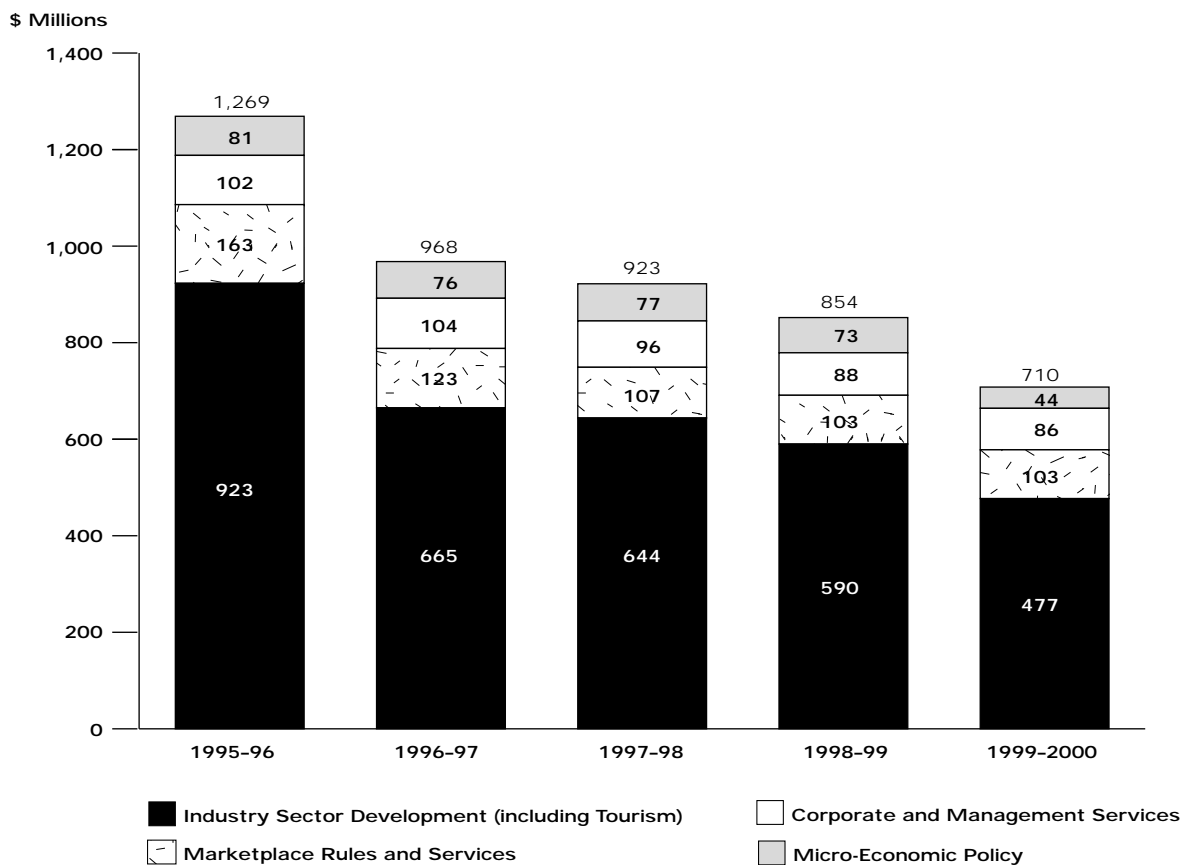
FIGURE 11
Appropriated Planned Spending

(thousands of dollars)	Main Estimates 1996-97*	Main Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Business Lines/Activities				
Micro-Economic Policy	75,964	77,072	72,820	43,912
Marketplace Rules and Services	123,420	106,966	102,723	102,723
Industry Sector Development	610,419	591,234	539,881	462,453
Tourism**	54,351	52,487	50,587	14,587
Corporate and Management Services	103,555	95,708	87,864	86,292
Total	967,709	923,467	853,875	709,967

* Does not reflect Supplementary Estimates — Actual Main Estimates only. Figures are shown using current Planning, Reporting and Accountability Structure (PRAS) for purposes of comparison with succeeding years.

** Plan and Performance information for Tourism appears with Industry Sector Development in this document.

FIGURE 12
Main Estimates
Business Line/Activity Funding Trends
1995-96 to 1999-2000



Plan

Micro-Economic Policy

Objective

The objective of the Micro-Economic Policy line of business is to develop the policies, strategies and frameworks needed to improve Canada's productivity growth and help Canadians take advantage of the knowledge-based economy . . .

- Our policy activities focus on research, analysis, and the development of policy and legislative frameworks that encourage increased investment, innovation, the transition to a knowledge-based economy, the development of a world-leading Information Highway, stronger trade and a healthy marketplace climate.

SETTING MICRO-ECONOMIC FRAMEWORKS

- Marketplace climate
- Trade and investment policy
- Information Highway policy
- Science and technology policy

Operating Environment

To achieve Industry Canada's economic objectives, micro-economic policy needs to proactively respond to key challenges . . .

- **Continued modernization of marketplace legislative and regulatory frameworks is key for a healthy marketplace climate:** In today's competitive global market, business, legal, and investment communities are demanding the modernization of marketplace framework laws and standards. This will lower barriers and costs as well as stimulate innovation. Moreover, Canadian business has stated repeatedly that it wants

the regulatory burden reduced. In addition, it is increasingly important to improve the efficiency and effectiveness of regulatory programs, as fiscal restraint reduces the range of other activities and levers the government can use to influence economic activity.

- **Trade policy needs to be designed to meet both internal and external challenges:** Most net new job creation in this country since 1993 is attributable to Canada's export performance. An effective international business development strategy, with its trade, investment and technology elements and responsive service delivery, is an important component of the government's *Jobs and Growth Agenda*. At the same time, the increasing reach of international agreements and policies into previously purely domestic concerns is leading to more scrutiny of internal trade barriers. In addition to leadership from the federal government, strong provincial commitment and support from the private sector are essential to achieve further progress on reducing these internal barriers.
- **Foreign direct investment (FDI) is important to Canada's economic development:** Investment has become a strategic instrument as companies use it to penetrate new markets and acquire new technologies, resources and skills. Companies are relying increasingly on mergers, acquisitions, partnerships, joint ventures, strategic alliances and greenfield investment to create "global" corporations. Canada is pursuing a multitrack approach to negotiation of investment issues, including bilateral, regional and multilateral agreements, to ensure liberalization and protection for Canadian investments in international markets.
- **Information Highway policy needs to address both business and consumer interests:** At the international level, most advanced countries, especially those in Europe and the U.S., have already begun to deregulate both their telecommunications and broadcasting sectors. In Canada, as domestic deregulation decisions are implemented, it is likely that new service providers, including cable-TV companies and wireless service providers, will enter the local telephone market.

Incumbent telephone companies will face competition for the first time in local telephone service, but they will also be able to compete for the broadcasting distribution market. At the same time, expectations are growing for more choice in both the services and in the number of suppliers. Continued deregulation and increased competition in telecommunications products and services is in keeping with the government's agenda for competition and choice, and greater reliance on market forces rather than on regulation.

- **Science and technology policy needs to meet high expectations for national innovation:** Business, the research community, Parliament and Canadians generally expect the government to improve its management of federal S&T investments and activities in support of national socio-economic goals. The S&T Strategy, *Science and Technology for the New Century*, commits the government to improved decision making, and increased accountability and transparency of results in science and technology. Many governments (particularly within the OECD) are focussing their efforts on the role of technology in job and wealth creation. In today's global competitive environment, innovation is central to productivity improvements and a high standard of living. Investments in S&T must be assessed against their achievements in improving innovation performance, particularly at the level of the firm.

Performance Goals over the Next Three Years

Conduct and support leading-edge research on micro-economic issues as a basis for current and future policy decisions . . .

- Develop a departmental micro-economic research workplan that sets out new deliverables, building on the priorities of the *Jobs and Growth Agenda*, with emphasis on measures to improve Canada's productivity growth and to assist Canadians to take advantage of, and adjust to, the knowledge-based economy.
- In collaboration with other federal departments and agencies, other governments and the private sector, continue to perform as a micro-economic centre of

excellence providing government and Canadians with strategic information on key features of the micro-economy and contributing to Industry Canada's policy decisions. Special attention will be given to examining the causes of Canada's weak productivity growth, the nature of the innovation gap in Canada and how to address it, and the policy environment for electronic commerce.

- Through regional offices, continue to analyze regional and provincial economic trends, providing a regional perspective for policy making.
- Conduct research and develop initiatives that focus on enhancing the technological and entrepreneurial skills of young Canadians, and consider implementation of new programs for young people within the Industry Portfolio's youth framework.
- Continue to work with other departments and the private sector to identify and implement means of reducing the paper burden on small businesses and improving access to public sector procurement.

Develop modern and effective marketplace framework laws and policies . . .

- Amend the *Small Business Loans Act*, the *Canada Business Corporations Act*, and the *Canada Co-operative Associations Act*; continue modernization of intellectual property, including patents, trade-marks, industrial design, integrated circuits, and the review of issues pertaining to the Internet/Information Highway; and consider further *Bankruptcy and Insolvency Act* and *Competition Act* amendments.
- Develop the department's Sustainable Development Strategy, and integrate sustainable development concepts into its overall micro-economic agenda.
- Implement the departmental plan for regulatory reform, complete implementation of the Regulatory Process Management Standards (RPMS), and implement government-wide application of the Business Impact Test (BIT) (see box opposite page).

**REDUCING REGULATORY BURDEN:
THE BUSINESS IMPACT TEST (BIT)**

■ The BIT was developed jointly by the Alliance of Manufacturers and Exporters Canada, Treasury Board Secretariat and Industry Canada to assess the impact of regulation on business. The government's regulatory policy requires regulators to use the BIT or equivalent analysis to assess the impact on business of major regulatory initiatives.

- Develop federal policies for the use of the National Standards System to advance government economic policy objectives in the areas of internal and international trade, technology diffusion and regulatory reform.
- As the federal government's representative on the Standards Council of Canada, work with other stakeholders in the promotion of voluntary standards.

Increase trade and investment through participation in the development and implementation of investment and trade policies . . .

- Work with DFAIT and other departments to:
 - improve and strengthen the International Business Development (IBD) strategy and its implementation with a view to doubling the number of successful Canadian exporters by year 2000 (see box next column).
 - participate in World Trade Organization activities, negotiate a binding multilateral investment treaty among OECD members, and move ahead with implementation of free trade agreements with Israel and Chile to increase market access and protection for Canadian investments abroad.

**STRENGTHENING THE
INTERNATIONAL BUSINESS
DEVELOPMENT (IBD) STRATEGY BY:**

- developing a performance measurement system to improve strategic management and trade
- implementing a strengthened, focussed investment attraction strategy that builds on the Team Canada partnership model
- improving communications networks to speed the timely flow of market intelligence and information to businesses
- developing a communications strategy to emphasize the critical importance of IBD to the economy and the value of Team Canada missions.

- Organize and host the 1997 Asia Pacific Economic Cooperation (APEC) SME Ministerial Meeting and Business Forum. APEC is the key forum for economic and trade consultation and cooperation in the Asia Pacific region (see box next page). Activities will include:
 - the APEC SME Ministerial meeting
 - an SME business forum
 - an SME exposition, showcasing the most innovative and competitive companies in nine industry sectors
 - business matching programs and networking functions
 - an industry site visits program featuring Canadian technologies, offered at six sites across Canada.
- Work with the provinces to implement outstanding commitments in the Internal Trade Agreement, ensure that the federal government meets its own obligations under the agreement, and continue to press the provinces on additional steps necessary to improve

THE 1997 ASIA PACIFIC ECONOMIC COOPERATION SME MINISTERIAL MEETING AND BUSINESS FORUM

- Industry Canada will chair the APEC SME Ministerial meeting, to be held in Ottawa in September 1997.
- Expected results include:
 - increased trade, investment and technology partnerships among SMEs in the APEC region
 - policy recommendations on improving the capacity of SMEs to do business in that region
 - increased awareness of leading Canadian technologies among other APEC members.

internal trade. An annual report on the Internal Trade Agreement will be produced by the independent Internal Trade Secretariat (an intergovernmental secretariat based in Winnipeg) outlining the extent to which parties are meeting their obligations under the agreement. Industry Canada will undertake a benchmark study examining the extent to which government procurement is covered by the agreement, and develop a framework for measuring indicators of success under the agreement.

Design policy and regulatory frameworks for the Information Highway that support competition . . .

- In collaboration with Canadian Heritage, develop a national access strategy for the Information Highway, given its economic, social and cultural importance. The department, in partnership with other government departments and stakeholders, will consult on and develop a strategy that addresses three basic issues: defining the foundations for ensuring access to the Information Highway; identifying the means to determine what new services will be important to Canadians; and determining the timing and policies that will stimulate access to new services such as the Internet.

- In collaboration with the Department of Justice, bring forward proposals for a legislative framework governing the protection of personal data in the private sector, as a means of encouraging business and consumer confidence in the Information Highway.
- In collaboration with other departments, provide a solid foundation for electronic commerce by removing legal barriers, updating cryptography policies and acting as a model user.
- Pursue the government's policy agenda of competition and convergence in the delivery of all communications services through regulatory oversight and policy development for the telecommunications infrastructure, particularly new wireless technologies.
- Ensure that Canada's policy and regulatory frameworks for telecommunications keep pace in the face of rapidly changing technologies, increased reliance on market forces and global liberalization of markets.
- In collaboration with Canadian Heritage, clarify the policy and regulatory framework for new content-based Information Highway services.
- In collaboration with DFAIT, pursue negotiations within the context of the General Agreement on Trade in Services (GATS) on world-class telecommunications services.
- Take the lead in developing proposals to strengthen the financial base of the International Telecommunication Union (ITU) and enhance private sector participation in this United Nations special organization.
- Negotiate, during the World Radiocommunication Conference (WRC 97), new and additional spectrum and orbit resources to meet Canadian requirements well into the 21st century, particularly in the areas of mobile satellite systems and space science services.

Implement the federal S&T Strategy and other S&T initiatives . . .

- S&T Strategy
 - Work in cooperation with the Treasury Board Secretariat and other science-based departments and agencies to integrate S&T considerations into the planning, reporting and performance measurement

requirements of the government's expenditure management system.

- Lead on the preparation of the annual report to Parliament on federal science and technology.
- Support the work of the Prime Minister's Advisory Council on Science and Technology and the Committee of Federal S&T Advisory Bodies (see box).

STRATEGIC ADVICE ON SCIENCE AND TECHNOLOGY

In its first year of operation, the Prime Minister's Advisory Council on Science and Technology will focus on:

- improving the supply of highly qualified personnel
- speeding the commercialization of new knowledge
- expanding public and private sector leadership of the knowledge-based economy.

- Continue to work closely with the other Industry Portfolio partners in implementing the Industry Portfolio S&T Action Plan, released in March 1996, and identify additional areas for cooperation in supporting science, technology and innovation.
- In collaboration with other government departments and agencies and in consultation with the private sector, develop ways to improve the implementation of the policy on the ownership of intellectual property resulting from government contracts, and to enhance exploitation and commercialization of inventions.

• International S&T Cooperation

- Implement international S&T arrangements that provide opportunities for firms to partner in R&D consortia, e.g., a Canada-U.S. Innovation Strategy; implement the renegotiated Canada-European Union S&T Cooperation Agreement; and work to enhance industrial S&T cooperation under Asia Pacific Economic Cooperation (APEC), the Organization of American States (OAS) and various bilateral agreements.

• Benchmarking innovation

- Develop new indicators that will allow better understanding of innovation in a knowledge-based economy, including measurement and analysis of firm-level innovation, through a major project with Statistics Canada.
- Identify "best practices" technology and innovation policies to help benchmark Canadian policies and augment understanding of technological change and the adjustments Canadian firms will have to make to keep up with their competitors.
- Implement an electronic database to provide industry with access to information on diagnostic and benchmarking tools and training, to improve innovation performance in firms.

• Assess proposals for federal support of megascience initiatives, both domestic and international; lead an OECD review of national policies that can affect Canada's access to large-scale scientific research facilities; and participate in the development of recommendations for OECD governments.

• Provide advice on university research issues, monitor the impact of provincial funding on university research infrastructure, continue to promote the commercialization of university research results, and assess the impact of technology-mediated education upon these institutions.

Comparative Financial Plans

The Micro-Economic Policy business line accounts for 8% of the department's 1997-98 Estimates.⁵ Approximately 75% of the resources are for the operating budget and 25% for grants and contributions.

The 1997-98 Estimates of \$77 million for this business line represent a 1% increase from the 1996-97 Estimates. It is anticipated that 1999-2000 Estimates will be \$44 million, a 43% decrease from the 1997-98 level, primarily due to changes in funding for SchoolNet, Youth Employment Initiatives, the Canada Scholarships Program, the Learning Strategy, Science Culture Canada, and a decrease in general operating expenditures related to these programs.

⁵ Note that this includes spending on SchoolNet and the Community Access Program described under the Industry Sector Development business line.

Industry Sector Development

Objective

The objective of the Industry Sector Development line of business is to help improve the competitiveness of Canadian businesses by working with them to ameliorate the climate for growth, identify and overcome barriers to growth, and take advantage of emerging opportunities . . .

INDUSTRY SECTOR DEVELOPMENT — HELPING BUSINESS COMPETE THROUGH:

- Sector development
 - Sector Competitiveness Frameworks
- Trade development
 - Team Canada
- Investment development
 - Investment Partnerships Canada
- Technology development
 - Technology Partnerships Canada
- Information technologies and telecommunications
- Communications research
 - Communications Research Centre
- Strategic Information
 - *Strategis*
- Services to business
 - Canada Business Service Centres
 - Small Business Loans Administration
- Canada-Ontario Infrastructure Works
- Federal Economic Development Initiative in Northern Ontario (FedNor)
- Canada-Quebec Subsidiary Agreement on Industrial Development
- Aboriginal Business Canada
- Canadian Tourism Commission

- Strategic initiatives targeted at both individual firms and industry sectors are designed to help improve industry performance in trade development, investment, technology, and new approaches to sustainable development.
- In this overall context, the department also has several specific activities focussed on small business (Small Business Loans Administration), telecommunications R&D (Communications Research Centre), the development of the Information Highway, new ways of delivering strategic information using the Information Highway (*Strategis*), economic development in Northern Ontario (FedNor), Aboriginal economic development (Aboriginal Business Canada), and tourism marketing and promotion (Canadian Tourism Commission).

Operating Environment

The plans and priorities of the Industry Sector Development line of business are heavily influenced by the global environment . . .

- **Canadian businesses face increasing international competition:** Expanding free trade agreements and the entry of new competitors into global markets are exposing most Canadian industrial sectors to intense competition in domestic and export markets, and driving a significant restructuring of the economy to meet these competitiveness imperatives.
- **To respond, firms need to strengthen their export orientation and optimize investment in capital equipment, technology and human resources.** Encouraging Canadian firms to adopt new technologies and innovative processes and management practices, including environmental management systems, will help firms compete more effectively in global markets and contribute to Canada's ability to create jobs and growth.
- **Particular opportunities and challenges exist to maintain and increase Canada's share of global tourism.** Tourism is projected to be one of the fastest-growing global industries of the future. At the same time, countries around the world are developing new attractions and products and increasing their promotional efforts

to attract more of the world's tourists. Canada needs to continue to develop tourism products that meet changing international tourist demand, undertake targeted and innovative promotional programs, and build strong partnerships between government and industry to ensure Canada receives its share of projected tourism growth.

Industry Sector Development is tailoring its activities to respond to this environment by encouraging the private sector to adopt new ways of working . . .

- **Positioning for the long term as well as the short:** North American management has tended to focus on short-term balance sheet results to be presented to shareholders (and banks), rather than long-term corporate investment strategies offering longer payback periods. Many of the Industry Sector Development's priorities, such as Sector Competitiveness Frameworks joint action plans, Technology Roadmaps, the Information Highway, etc., are focussing on longer-term initiatives to assist industry in positioning itself for the future. Building the necessary partnerships, consensus and commitment will take time.

. . . and continuously improving its own service delivery by . . .

- **Making fundamental changes in service delivery to clients** from the 9 to 5 concept of services delivered from a fixed site or service centre, to a virtual office accessible 24 hours a day, seven days a week: A pilot project is under way to make services more timely and accessible to a broader client group than in the past. Specialized services such as the Environmental Industry Virtual Office (see box) are also available. Industry Canada's Internet site *Strategis*, Canada's largest on-line business Internet site, puts information at our clients' fingertips.
- **Encouraging teamwork:** Key components of this business line are completing restructuring to a team environment that welcomes innovation and change and encourages more strategic thinking.

RESPONDING TO CHANGE: THE ENVIRONMENTAL INDUSTRY VIRTUAL OFFICE

- An Internet site providing quick, easy and integrated access to major providers or sources of information, services and advice on environmental R&D, domestic and international markets, investments and financing, and human resources.
- Winner of a gold medal award (Technology in Government Week).

- **Putting in place performance measurement and systems to assess impact and effectiveness:** A performance measurement framework will be developed by spring 1997 for elements of this business line and then implemented once the necessary tracking systems have been put in place. This will improve our ability to report to Parliament and to our clients. In the case of Technology Partnerships Canada, ongoing performance measures will focus on program effectiveness and efficiency and service levels.

Performance Goals over the Next Three Years

Increase the number of exporting firms and diversify markets . . .

- Strengthen services to, and products in support of, exporters to improve their success in foreign markets, so that Canada doubles the number of SMEs exporting by the year 2000. Examples include the development of a new Internet-based interactive and information tool kit for exporters, and continued improvement of training and awareness programs for exporters.
- Expand networks to focus and coordinate international business development efforts through the National Sector Teams (NSTs) and Regional Trade Networks (RTNs). NSTs bring together the key government and business stakeholders in all major sectors to develop strategies and implement action plans for international business under the Trade Team Canada initiative. RTNs harness the expertise of federal/provincial/territorial departments/agencies and private sector groups.

- Develop sector-specific Canada's International Business Strategies (CIBS) with industry, that will identify priorities and lead to a more strategic allocation of federal international business development resources.
- Continue to match Canadian capabilities, particularly among SMEs, with business leads supplied to the International Business Opportunities Centre (IBOC) by trade commissioners abroad. Progress to date suggests that the trade leads have the potential to result in millions of dollars of sales.
- Consistent with our obligations under the Internal Trade Agreement, review the Industrial and Regional Benefits (IRB) policy as a procurement lever for industrial growth and competitiveness.
- Implement the international Capital Project Action Plan (CPAT), which coordinates the activities of Industry Canada, DFAIT, the Canadian International Development Agency, the Export Development Corporation, the Canadian Commercial Corporation and the Department of Finance to increase Canada's market share of projects financed by international financial institutions (e.g. the European Bank for Reconstruction and Development).
- Increase Canadian procurement in the rapidly growing infrastructure privatization market.

Attract new foreign direct investment and retain existing investment . . .

- Continue to promote attraction of new investment by multinational enterprises and retention and expansion of existing investment through Investment Partnerships Canada, a joint Industry Canada-DFAIT initiative (see box).
- Work with DFAIT to promote investment opportunities of all types including international strategic alliances for Canadian SMEs.
- Develop and implement sectoral investment plans.
- Implement marketing campaigns focussed on the world's top five source countries for investment: the United States, Japan, the United Kingdom, France and Germany.
- Build new federal-municipal partnerships and government-private sector partnerships to attract investment.

A NEW INITIATIVE: INVESTMENT PARTNERSHIPS CANADA

- A joint Industry Canada-DFAIT initiative announced in October 1996, Investment Partnerships Canada is mandated to secure strategic investments from key multinationals in growth sectors and to retain investments where they are at risk.
- A highly specialized team will target a select group of firms where there is significant opportunity for attracting high yield investment. It will:
 - identify potential opportunities to retain, expand and attract new international investment
 - select the best of those opportunities for intense promotion
 - establish investment strategies for each of the selected opportunities, and implement the targeted strategies.

- Launch consultations that will lead to the development of Industry Canada's Sustainable Development Strategy. This will include building sustainable development criteria into performance evaluation frameworks for key programs such as Technology Partnerships Canada and Investment Partnerships Canada.

Encourage technological innovation in industry to improve the rate of adoption of advanced technologies . . .

- Under the Technology Partnerships Canada program, make strategic and successful investments in key environmental and enabling technologies, and in new aerospace and defence industry developments, including defence conversion. Making the program nationally accessible to high-technology SMEs and targeting communications activities to environmental and enabling technologies sectors will also be major initiatives (see box opposite page).

**TECHNOLOGY PARTNERSHIPS
CANADA: STRENGTHENING
OUR TECHNOLOGY BASE**

- Technology Partnerships Canada is a central element in the government's agenda to promote technological development as a catalyst for economic growth and job creation through increased productivity and competitiveness.
- TPC will make \$150 million available in 1996-97 (rising to \$250 million in 1998-99) in contingently repayable contributions to firms making investments in technology development. These repayable contributions share both risks and rewards with the private sector and are intended to ensure that products with a high potential to stimulate economic growth and job creation reach the marketplace.
- TPC makes investments in technology development to support new environmental and enabling technologies, aerospace and defence industries, including defence conversion.

- Facilitate with industry the development of Technology Roadmaps — government-facilitated initiatives for the identification of new technologies required by Canadian industries to meet future market demands.
- Continue to support Phase II of the Pre-Competitive Advanced Research Network (PRECARN), which will promote industry collaboration in the development, diffusion and transfer of technology, in the areas of intelligent systems and advanced robotics such as knowledge-based systems, neural networks, machine-sensing and advanced robotics, focussing on pre-competitive R&D. A federal contribution of \$19.4 million to the year 2000 has been approved.

- Support the National Research Council of Canada in the continued development and growth of the Canadian Technology Network including expansion of the public and non-profit member base.
- Revitalize the National Biotechnology Strategy, in cooperation with other departments and agencies, to address key issues regarding the development and use of biotechnology products.
- Work jointly with the National Centre for Manufacturing Sciences to assist Canadian companies and research centres to enter collaborative technology development projects with their U.S. counterparts.
- Lead a comprehensive review of the competitiveness of, and policy framework for, Canada's automotive industry with a view to ensuring its long-term growth. The review will be conducted in cooperation with the Department of Finance and DFAIT, and in consultation with federal departments having responsibility for issues affecting this sector, as well as in full consultation with industry stakeholders.
- Encourage and facilitate the adoption of best manufacturing practices throughout Canadian industry.
- Champion the use of ISO 9000 as a basis for continuous improvement and continue to foster the implementation of Total Quality Management by Canadian firms.
- Expand opportunities for Canadian manufacturing engineers to gain experience in Japanese advanced manufacturing through the Japanese Manufacturing Engineering Exchange.

Promote growth of the information technologies and telecommunications industries; place Canada and Canadians at the leading edge of the global Information Highway . . .

- Continue, in collaboration with public and private partners, to provide services to connect Canadians to the Information Highway. These services focus on providing schools and rural and remote communities with

affordable public access to the Internet and related training, as well as opportunities for young Canadians. We will improve and expand programs for the Information Highway including:

- bringing the total number of communities linked to the Information Highway to 1,500 by 1998-99 under the Community Access Program
 - developing plans to ensure the long-term viability of SchoolNet
 - linking all of Canada's 16,500 schools to the Information Highway by 1998-99 through SchoolNet
 - developing First Nations on-line educational resources on SchoolNet
 - significantly increasing the volume of computers and software transferred to schools from governments and the business community under the Computers for Schools program
 - employing 1,500 young Canadians to digitize historical collections, resulting in 350 new SchoolNet collections under the Digital Collections program
 - involving over 2,000 students and training more than 50,000 business managers on the Internet business capabilities under the Student Connection program (see box).
- Promote critical Information Highway technologies by sharing costs of pre-competitive R&D with the private sector, and supporting Canadian leadership in Asynchronous Transfer Mode (ATM) utilization. This increases the bandwidth and is emerging as the new standard in improving the efficiency of the Information Highway.
 - Develop the content applications for the Canadian Network for the Advancement of Research, Industry and Education (CANARIE) on the Canadian Information Highway, particularly in the areas of health care and education. CANARIE Inc. plans to establish a Content Committee to examine content-based

THE INTERNET: SMES DISCOVER THE BUSINESS OPPORTUNITIES WITH THE STUDENT CONNECTION PROGRAM

- Through Student Connection, post-secondary students introduce SME managers to innovative on-line methods of meeting their business needs; students gain the business experience and computing skills necessary to compete successfully in today's job market.
- To date, more than 1,000 students have been employed and over 6,000 business managers trained. Over the next three years, the program will involve over 2,000 students and train more than 50,000 business managers on the Internet's business capabilities.
- 20 administration centres, located across the country, ensure that our student business advisors are present in all provinces and territories.

applications issues. It will also play a key role in implementing the Health IWAY strategy and promoting the development of education applications. Commitments will be to:

- monitor the progress of CANARIE Technology and Applications Development (TAD) projects; complete Phase II of the CANARIE TAD program; build the next generation of very broad bandwidth networks and evaluate the CANARIE Phase II program
- expand the National Test Network (NTN) nationally and internationally, by finalizing the completion of high-speed connections to the United States
- implement CANARIE's international strategy and promote the development of CA*Net II through increased ongoing collaboration and networking between universities, research laboratories and industry.

Conduct and support R&D in advanced telecommunications technologies through the Communications Research Centre . . .

- Expand CRC partnerships with external organizations to enhance knowledge and technology diffusion from the CRC Research program, increase access to CRC's specialized facilities and expand the Innovation Centre in support of Canadian SMEs. The Innovation Centre allows companies to use CRC facilities while developing new processes and products.
- Expand CRC research in the connectivity, interactivity, mobility and wireless access and capacity of the communications network of the future in partnership with the private sector where appropriate.

Produce and deliver strategic business information to Canadian businesses through Strategis . . .

- Develop new directions for *Strategis*, Canada's largest business Internet website (see box).
 - The next year will witness continued enhancement in content, interface and interactivity, as well as increased partnerships. The site will grow from a first-generation to third-generation website. For instance, new information collections that introduce powerful interactive features will give access to interactive diagnostic tools and will improve marketplace program delivery to SMEs.
 - Partnerships with Industry Portfolio agencies, provinces and the information industry will be pursued. Through these partnerships, additional content and new products will be developed. The interface will be streamlined, information categories reorganized to simplify use, and new priced products from the private sector will become available.
 - Perhaps most dramatic will be the customization of *Strategis* services that will allow individuals to tailor the site to their specific needs, associations to their members' needs, and the information industry to its subscribers' needs. When *Strategis* is tailored to meet association or industry needs — satellite sites — they will display the *Strategis* Wordmark and key *Strategis* products in addition to their

STRATEGIS: CANADA'S LARGEST BUSINESS WEBSITE

- *Strategis*, Canada's largest business information Internet site, has been providing a full range of timely business information to Canadian SMEs since March 1996. *Strategis* contains over 325,000 electronic documents, 750,000 pages of searchable texts, three billion bytes of economic data and hundreds of hot links to business sites around the world, supported by a powerful and effective research tool.
- *Strategis* enables interactive Industry Canada program delivery and contains an increasing number of interactive business tools. All lines of business in Industry Canada contribute to the content of *Strategis*. As a result, users can access the latest national and international trade and market data, specific sectoral information and developments, micro-economic research and analysis, information on the marketplace, emerging technologies and how to manage a business.
- The more than 140,000 daily hits and average of almost 40,000 documents retrieved daily confirm the relevance and benefit of this site, which must continue to evolve to ensure that Canadian SMEs keep and improve their competitive edge in world markets.

own products. This new approach will multiply the *Strategis* presence over the Internet, strengthen partnerships and provide a coordinated and customized one-stop shop for business information on the World Wide Web.

- Expand Sector Competitiveness Frameworks (SCFs), a series of information products providing a clear, comprehensive analysis of selected industrial sectors and the key issues affecting their competitiveness. Under Part 1 titled *Overview and Prospects*, eight more sectors will be analyzed. Under Part 2 titled *Framework for Action*, up to 19 sectors may be included (see box).

**EXPAND SECTOR
COMPETITIVENESS
FRAMEWORK SERVICES:**

- Eight *Overview and Prospects* initiatives to be completed in 1997-98: Environmental Industries, Architecture, Financial Services, Commercial Education and Training, Aerospace and Defence Electronics, Non-ferrous Metals, Computer Services, and Telecommunications Services.
- Nineteen *Frameworks for Action* to be completed in 1997-98: Consulting Engineering, Forest Products, Aircraft and Aircraft Parts, Bus Manufacturing, Household Furniture, Petroleum Products, Plastic Products, Rail and Guided Urban Transit Equipment, Geomatics, Management Consulting, Non-residential Construction, Electric Power Equipment and Services, Advanced Manufacturing Technologies, Bio-industries, Industrial Chemicals, Apparel, Pharmaceutical Industry, Computer Equipment, and Telecommunications Equipment.

- Facilitate the establishment of electronic information networks supporting business access to technology, skills development, trade promotion and regional economic development in rural and Northern communities.

Improve SME access to capital and information . . .

- Provide support to SMEs through the *Small Business Loans Act* (SBLA):
 - anticipate providing guarantees for some 40,000 loans in 1997-98 totalling approximately \$2.3 billion, supporting the creation of over 100,000 jobs
 - re-engineer the Small Business Loans Administration process to reduce costs, increase productivity, and improve service to clients, as well as the availability of data used to make policy decisions affecting the future of the program
 - with the sunseting of the program in March 1998, priority will be given to the development of a new legislative framework.
- Implement the second round of competitions under the Canada Community Investment Plan (CCIP), launched in March 1996, to help communities work with growth-oriented businesses to access existing local, regional and national sources of risk capital. An evaluation phase is planned to commence in 1997-98, once communities have set up their projects.
- Launch the remaining components of CCIP, namely, the Investment Skills Development Program, a strategic information product including an Internet-based investment facilitation self-learning tool, and an electronic Information Exchange, to help communities become aware of successful investment strategies.
- Monitor provision of credit to SMEs by developing regular analysis of the data on business credit statistics provided by the Canadian Bankers Association (CBA). Analysis will be used to integrate trends in sectors, regions and size of loan authorization.
- Assist both financial institutions and borrowers by creating a financial benchmarking diagnostic tool. Such a tool will ensure that both lenders and borrowers have access to Canadian firm-level data rather than foreign data.

- Create a Canadian Business Information Service within *Strategis* to meet information needs of SMEs.
- Integrate client services in the Canada–Ontario Business Service Centre (COBSC) (see box) to ensure that small businesses have access to information and services quickly and in the format desired, and broaden the support base of the COBSC initiative to include organizations in the private sector. This partnership will allow us to expand services to up to 60 sites in Ontario. (Note: Regional agencies administer service centres in other regions.)

SERVING SMES BETTER THROUGH THE CANADA-ONTARIO BUSINESS SERVICE CENTRE (COBSC)

- COBSC will introduce a walk-in component, complementing the current telephone and electronic services, through the establishment of 14 new regional sites.
- Services and the information base will be enhanced to increase the proportion of calls that can be answered at once, without referral.

Improve infrastructure in Ontario . . .

- Ensure effective management of the Canada–Ontario Infrastructure Works (COIW) program, including claims processing and communications activities. By the end of 1997–98 some 19,000 claims, reflecting \$700 million in federal investment will have been processed. Total federal funding of close to \$722 million is expected to lever total partner investment of over \$2.1 billion in 5,000 projects, creating an estimated 35,000 short-term jobs and addressing priority infrastructure needs in over 1,000 communities throughout Ontario.

. . . improve economic development in Northern Ontario through FedNor . . .

- Implement the new economic development approach to Northern Ontario, including local economic development and SME support in rural Ontario through FedNor/Community Futures partnerships by:
 - increasing the availability of capital in Northern Ontario
 - encouraging the development of telecommunications and business networks
 - enhancing access to business information and services
 - supporting trade and export marketing efforts
 - encouraging community partnerships in economic development
 - ensuring a strong Northern Ontario voice at the national level.

. . . and strategic industrial investments in Quebec . . .

- Promote economic development in Quebec through the Canada–Quebec Subsidiary Agreement on Industrial Development, ending in March 1998.

Strengthen Aboriginal businesses and their capital base through Aboriginal Business Canada . . .

- Promote the growth of Aboriginal enterprises through a variety of initiatives, including funded and non-funded support, advocacy efforts and partnerships (see box below). Aboriginal Business Canada has a grants and contributions base of \$36.7 million.

STRENGTHENING THE ABORIGINAL BUSINESS CAPITAL BASE

- Increase the participation of Aboriginal firms in the new economy and in expanded markets by concentrating on:
 - trade and export development
 - technology adoption and Information Highway initiatives
 - youth entrepreneurship development.

- Work with the National Aboriginal Economic Development Board to deliver on new priorities and directions for Aboriginal businesses that will help them to build on their achievements and support their competitiveness in the economy.
- Invest in more than 300 Aboriginal firms in support of market expansion, use of technology, and youth business development. Further extend the use of partnership arrangements in support of the Aboriginal trade, tourism, innovation and youth entrepreneurship.

Increase the global awareness of Canada as a desirable tourist destination . . .

- The **Canadian Tourism Commission (CTC)** was established as a special agency in January 1995. A 26-member board, drawn mainly from industry, directs CTC activities, supported by eight industry-chaired committees. Its objective is to increase global awareness of Canada as a desirable tourist destination, and provide timely and accurate information to the tourism industry to assist their decision making.

The CTC has developed three-year plans for each of its major market areas and for strengthening the Canadian tourism industry . . .

- **U.S. Leisure Market:** Efforts will be expanded to include promotion of fall and winter Canadian destinations. A greater emphasis will be placed on specialized TV and print advertising, and developing concepts such as the Canada Store, a one-stop source of information about travel to Canada combined with retail products.
- **European Market:** More programming will be targeted toward returning visitors. Advertising efforts will increase in France, the U.K. and Germany as partnerships evolve with retailers and others.
- **Asia Pacific Market:** More diverse Canadian travel packages emphasizing value and price will be developed and promoted. A strategy will be developed to address specific capacity, seasonal and destination challenges. Japan will remain a priority market, and promotions will be expanded in secondary and emerging markets as well.

- **Canadian Market:** The Rediscover Canada theme will continue to be used, with emphasis on increasing the number of Canadian partners. Primarily, the program will promote off-season (November to April) leisure travel in Canada.

- **Meetings and Incentive Travel Market:** The main focus continues to be on the U.S. meetings and convention market. In addition, new programs will be undertaken to attract incentive travel using Canada's adventure possibilities. Advertising campaigns, harmonized with the U.S. Leisure program, will also continue while opportunities to market Canada from November to April will be explored.

- **Aboriginal Tourism:** Trade development will continue to be encouraged and efforts made to integrate this special program into the CTC's Canada and European marketing programs.

- **Industry Enhancement:** This program will continue to deliver a wide range of information products to the tourism industry. It will also examine how the industry can respond effectively to changing and growing tourist demand.

- **Tourism Research:** New efforts will be placed on communicating tourism information through the media. As well, trade studies will be done to help the Canadian tourism industry access the travel trade (travel agents, hotels, etc.) in the Republic of Korea, Brazil and Spain. Development of economic tools to accurately describe the size and importance of the industry (e.g. Satellite Account for Tourism) will continue.

Comparative Financial Plans

The Industry Sector Development business line accounts for 70% of the department's 1997-98 Estimates. Industry Sector Development includes most departmental grants and contributions programs including Technology Partnerships Canada and Canada-Ontario Infrastructure Works. Approximately 31% of the resources are for the operating budget and 69% for grants and contributions. Revenue of \$8 million is forecast to be credited to the departmental vote and \$134 million to the Consolidated Revenue Fund.

The 1997–98 Estimates of \$644 million for this business line represent a 3% decrease from the 1996–97 Estimates. It is anticipated that by 1999–2000, Estimates will be \$477 million, a 26% decrease from the 1997–98 level. This is primarily due to program or activity reductions, including Canada–Ontario Infrastructure Works, FedNor, Canada–Quebec Subsidiary Agreement on Industrial Development, Technology Outreach Program, Canadian Network for the Advancement of Research, Industry and Education (CANARIE).

Included in the overall Industry Sector Development business line is tourism funding of \$52 million for the 1997–98 Estimates, which is all for operating expenditures in the Canadian Tourism Commission. A four-year allocation of \$50 million annually was announced by the government in the 1995 federal Budget; at the present time, this funding is scheduled to terminate after 1998–99.

MARKETPLACE RULES AND SERVICES

- Bankruptcy and Insolvency Supervision
- Competition Law Enforcement
- Consumer Information and Marketplace Analysis
- Consumer Labelling and Advertising Regulation
- Corporations Regulation
- Intellectual Property Protection and Dissemination
- Measurement Regulation
- Spectrum Management

Marketplace Rules and Services

Objective

The objective of the Marketplace Rules and Services line of business is to promote a fair, efficient and competitive marketplace for businesses and consumers in Canada, and to promote Canadian marketplace standards internationally . . .

- Modern, effective and responsive marketplace rules and services give consumers, investors and business confidence that the marketplace is stable and fair. This allows businesses to prosper and contributes to economic growth. These rules and services also play a key role in supporting the growth of the knowledge-based economy by responding to technological advances, changes in Canadian business structures and international trends and developments.
- This business line comprises eight components that deliver:
 - **marketplace information and services** that enable businesses and consumers to contribute to and benefit fully from an efficient and stable marketplace, and respond better to changing conditions

- **marketplace standards and regulations** that encourage a fair, efficient and competitive marketplace; these rules support and help interpret marketplace legislation
- **administration and enforcement** of marketplace legislation, regulations and standards to maintain business and consumer confidence
- **international acceptance of more Canadian marketplace standards** to help Canadians compete effectively in global markets.

Operating Environment

The plans and priorities of Marketplace Rules and Services must respond to key challenges . . .

- **Improving information and service delivery:** Both government and industry are increasingly taking advantage of information technology to provide access to strategic information and offer more services on-line. This will require regulatory changes to permit government to deliver these new services on-line, such as electronic filing of documents. Canadians are also demanding more relevant, responsive and efficient service delivery from their government. Industry Canada is exploring a wide range of alternative service delivery arrangements to improve service, developing performance measures to report on progress, and examining its revenue generation activities to determine where key investments are required to provide client-driven service improvements and products.

EXAMPLES OF NEW WAYS OF WORKING TO IMPROVE SERVICE DELIVERY

- Provide on-line diagnostic tools to help businesses avoid costly errors in labelling or advertising consumer products.
- Continue to expand content and interactive components for “Consumer Connection” on *Strategis*, and provide the platform for a national Consumer Research Information Network.
- Expand the pilot project for Canadian patent bibliographic information on *Strategis* to include abstracts and primary drawings.
- Explore options to link clients electronically to the Office of the Superintendent of Bankruptcy (OSB) through a private sector service provider. This will allow users to access information and to register all bankruptcy and insolvency proceedings electronically.
- Expand OSB’s Internet site to include useful information for debtors, first-time creditors and an expanded user friendly statistical database.
- Continue to provide Canada-wide 1-800 access to the Competition Bureau and expand services of its centralized Complaints and Public Enquiries Centre.
- Explore the possibility of partnering with industry to provide improved licensing services for certain categories of radio equipment.
- In consultation with clients, examine ways to devolve measurement inspection services to accredited third-party providers.

- **Anticipating and supporting legislative reform:** A significant effort is required to modernize Canadian marketplace legislation, and the rules and services that support them, to lower barriers and costs and to stimulate innovation. Legislative, regulatory and service delivery changes need to be developed together so that they all respond effectively to the needs of the marketplace.
- **Changing compliance monitoring requirements:** Industry Canada’s business and consumer clients want compliance monitoring and enforcement systems that reduce costs while maintaining a high level of trust in these systems. In response, Industry Canada is pursuing facilitation and partnerships to meet compliance objectives, and monitoring compliance in a self-regulating environment. As well, marketplace organizations are targeting more of their inspection activities to areas where compliance has been low or where the consequences of non-compliance are high. For example, Canadian border management will be an important priority for consumer product compliance activities as more retail outlet operators become direct importers.
- **Expanding national and international partnerships:** International economic integration is also requiring improvements to Canadian marketplace laws, policies and institutions. Consumer concerns are expected to be an important issue in multilateral trade negotiations within the next decade. Intellectual property is another key area where approaches need to be developed that will enable Canadians to benefit from international trends and developments. National and international partnerships with these and other marketplace service providers and marketplace rules enforcement agencies will be pursued to respond to these issues.

Performance Goals over the Next Three Years

Deliver information and services to enable businesses and consumers to contribute to, and benefit from, an efficient and stable marketplace and respond to changing conditions . . .

- Process over five million client transactions annually with higher productivity and efficiency.

- Develop new information products to respond to client needs and take advantage of new technology, such as:
 - electronic filing for incorporations
 - publishing compliance policies, guidelines and information kits on *Strategis*
 - producing spectrum licences and invoices locally
 - establishing electronic data interchange to allow clients greater participation in spectrum frequency selection and coordination.
- Respond to increased service demand from the department's broadcast services client base stemming from the introduction of new broadcast transmission formats and increased workload.
- Increase the accessibility of intellectual property data.
- Strengthen working relationships with industry and consumer groups to address marketplace issues. Possible areas to be addressed include biotechnology, financial services, information technology, measurement and service standards.
- Develop competition-related information and education products for presentation at business and trade shows and to offer them on-line, particularly to help meet the information needs of SMEs.

Develop standards and regulations that encourage a fair, efficient and competitive marketplace . . .

- Develop standards, guidelines and regulations, in consultation with clients that support marketplace legislative reforms and improve client services (see box).
- Consult with industry, consumers and other governments on consumer compliance issues. Areas of marketplace concern include price scanner accuracy, textile care labelling and fibre content claims, precious metals and diamond claims, pet food labelling and harmonization of international regulatory standards.
- Explore dispute resolution mechanisms, as alternatives to the court system, for consumer redress, hold a consumer dispute resolution consultation conference, and publish a consumer dispute resolution guide, if required.

***REGULATORY REFORM WORK
IN 1997-98***

- *Competition Act*: Revise the merger enforcement guidelines, prenotification guide, misleading advertising guidelines and other publications to reflect amendments to the Act.
- *Bankruptcy and Insolvency Act*: Revise rules and directives and develop new surplus income standards tailored to each province in order to ensure that an efficient and up-to-date regulatory framework is in place.
- *Office of Consumer Affairs*: Draft the Credit Disclosure Rules, which will standardize and bring certainty to consumers in the negotiation of a wide range of financial products (personal loans, leasing, mortgages).
- *Canada Business Corporations Act*: Draft regulation amendments to modernize and harmonize securities-related regulations and introduce regulations to implement electronic filing of documents.
- *Canada Co-operative Associations Act*: Update and modernize regulations in conjunction with the introduction of the proposed new Act.
- *Copyright Act and Industrial Design Act*: Review and revise regulations and fees to reflect Canadian adherence to NAFTA and WTO agreements.
- *Radiocommunication Act*: Revise selected radiocommunication and broadcasting regulations, technical standards and regulatory procedures, to allow introduction of digital radio and television broadcasting.
- *Consumer Packaging and Labelling Act*: Continue regulatory review to minimize burden on businesses.

- Undertake studies to explore structural changes under way in select Canadian industries and the implications for competition law and policy.
- Explore a competitive bidding process for use in future spectrum licensing initiatives, including auction of the next LMCS spectrum allocation as a pilot.
- Improve regulatory efficiency by implementing elements of the November 1996 Interim Report on New Approaches to Canadian Consumer Law.

Administer and enforce marketplace laws and regulations to maintain business and consumer confidence . . .

- Work with the provinces to formulate cooperative enforcement strategies for consumer protection and to standardize credit disclosure rules, which would bring certainty to consumers in the negotiation of a wide range of financial products.
- Re-engineer the bankruptcy and insolvency compliance framework, develop debtor and trustee compliance strategies and streamline the consumer bankruptcy process.
- As an alternative to prosecution, develop more cost-effective approaches to maintaining compliance with the *Radiocommunication Act* and Radiocommunication Regulations, including more client education, verbal and written warnings and ticketing for violations.
- Continue effective enforcement of *Competition Act* provisions relating to conspiracy, bid-rigging, mergers, abuse of dominance and misleading advertising, by:
 - reviewing merger transactions and antitrust complaints relating to criminal, civil and marketing practices
 - changing focus of misleading advertising and deceptive marketing practices enforcement from litigation to ensuring quick and efficient compliance.

Promote international acceptance of Canadian marketplace standards . . .

- Participate in international fora to promote Canadian marketplace standards globally, ensure harmonization of processes, and protect Canadian business and consumer interests, including:
 - trade-related fora, such as the World Trade Organization (WTO)/Trade-Related Aspects of Intellectual Property Rights (TRIPS), the new WTO working group on Trade and Competition Policy, and the Asia Pacific Economic Cooperation (APEC) and NAFTA working groups on harmonization
 - other multilateral fora, such as the OECD, the United Nations Conference on Trade and Development (UNCTAD), World Intellectual Property Organization (WIPO), World Radio Conferences (WRC), the International Committee of Legal Metrology, and several International Organization for Standardization (ISO) technical committees for standards development.
- Specific bilateral efforts will include:
 - increased coordination among competition and enforcement agencies including greater cooperation on Canada–U.S. cross-border antitrust and telemarketing activities and technical assistance on best practices

SPECIAL PROJECTS

- The Office of Consumer Affairs will continue to support the Canadian Standard Association’s Privacy Code submission to the International Organization for Standardization for adoption as an international standard on privacy, both to enhance consumer protection and to minimize non-tariff barriers to trade.
- The Office of the Superintendent of Bankruptcy is leading an international study on best practices, which will help developing countries to design their own insolvency systems through the use of technology.

- liaison with consumer packaging and labelling counterparts in the U.S. on issues and best practices
- developing transitional arrangements to support Canada's Mutual Recognition Arrangements with the European Union and the Republic of Korea to promote conformity in telecommunications, radio, and information technology equipment and electromagnetic compatibility.
- Pursue an International Memorandum of Understanding, under the auspices of the International Telecommunication Union, to provide unrestricted usage and free movement of Global Mobile Personal Communications System (GMPCS) telephones and terminals to people around the world.

Comparative Financial Plans

The Marketplace Rules and Services business line accounts for 12% of the department's 1997-98 Estimates, comprised virtually all of operating expenses. Revenue of \$66 million is forecast to be credited to the departmental vote in 1997-98 and \$171 million to the Consolidated Revenue Fund.

The 1997-98 Estimates of \$107 million for this business line represent a 13% decrease from the 1996-97 Estimates due primarily to Program Review reductions and terminating programs. It is anticipated that 1999-2000 Estimates will be \$103 million, a further 4% decrease from the 1997-98 level.

Supporting Our Business Lines: Corporate and Management Services

Objective

The objective of the Corporate and Management Services activity is to provide the infrastructure and support required for the department to deliver the best possible service to Canadians by increasing efficiency through developing new

ways of interacting with clients using information technology, streamlining management practices, renewing and revitalizing its work force, communicating its achievements and encouraging the highest standard of public service . . .

SUPPORTING INDUSTRY CANADA'S SERVICE DELIVERY THROUGH CORPORATE AND MANAGEMENT SERVICES

- Comptroller
- Informatics Support
- Facilities Management
- Management Consulting Services
- Audit and Evaluation
- Regional Services
- Executive Services
- Human Resources Development
- Communications
- Ethics Counsellor

- The Comptroller's Branch responds to internal and external client needs by:
 - providing support for planning, allocation and management of public funds
 - providing effective reporting on the use of such funds
 - ensuring that parliamentary votes are respected.
- The Informatics Corporate Support group provides informatics infrastructure and services to the department. The Facilities Management group ensures a quality working environment for departmental personnel. The Management Consulting Centre provides responsive consulting services to clients within the Industry Portfolio.
- Audit and Evaluation provides the department internal audit, program evaluation and review services, and assistance and advice on accountability and ongoing performance measurement matters. It also coordinates departmental responses on audit and evaluation related issues to central agencies and Parliament.

- Regional Services provides support to regional offices, and Executive Services provides support to the management of the department.
- The Human Resources Development Branch is focussed on renewal and revitalization to achieve a skilled and productive work force. It provides corporate strategies and information and advice on classification, staffing, official languages, employment adjustment, labour-management relations, employment equity, training and development, awards and recognition, career planning, compensation, benefits and security.
- The Communications Branch provides internal and external corporate communications advice, products and services that support the department's ministerial and corporate priorities and programs.
- The Ethics Counsellor administers the Conflict of Interest and Post-Employment Code for Public Office Holders and the *Lobbyists Registration Act*. The Ethics Counsellor also maintains a registry of public declarations, and provides guidance on conflict of interest matters to departments, agencies, other governments and individuals, when requested.

Performance Goals over the Next Three Years

Comptroller: Manage and control departmental funds . . .

- Facilitate new ways of working throughout the department, including support of revenue reinvestment, revolving funds and other alternative service delivery initiatives.
- Develop a new corporate financial/materiel system by designing Industry Canada-specific features and training more than 1,000 users.
- Implement the new financial system, with emphasis on introducing the government-wide financial information strategy, including accrual accounting concepts.

Informatics Corporate Support, Facilities Management and Management Consulting: Increase efficiency by developing new ways of interacting with clients using information technology, better facilities management and management consulting . . .

- Rationalize network services to improve the system and reduce costs while maintaining a sound telecommunications infrastructure through to the employees' desktop.
- Refine the departmental electronic mail system to improve service to the desktop, including ability to flow mail between Microsoft and Lotus Notes.
- Maintain a quality working environment for employees, and continue to examine alternative working environments (such as teleworking and remote offices), office layouts and equipment.
- In the Management Consulting Centre, employ a continuous improvement process (including the development of a client satisfaction measurement system) to refine services and to expand the client base while covering all operating costs from generated revenues.

Audit and Evaluation: Streamline management practices and improve risk management, performance measurement and accountability . . .

- Carry out audit and evaluation activities set out in annual plans.
- Involve both audit and evaluation skills early in the design of streamlined management processes to ensure sound management of departmental risk in the context of increased delegation of authority.
- Strengthen the department's capacity to focus on results, both in planning and in reporting, to ensure that relevant information is available for decision making.
- Support departmental decision making, through:
 - improving dissemination of information
 - fostering greater understanding of what contributes best to departmental objectives, solid management structures, improved process efficiency, and strengthened accountability.

PLAN

Human Resources: Renew and revitalize the work force to provide the best possible service to Canadians . . .

- Improve communications and increase staff involvement to create a challenging and exciting working environment.
- Complete downsizing and refocussing of programs.
- Continue work on succession planning.
- Undertake university recruitment initiatives to build the work force of the future.
- Partner with staff to develop the skills of the future.
- Sustain productive union–management relations.
- Undertake implementation of the Universal Classification system, which will require revision of most work descriptions, classification by committee of most positions and extensive dialogue with employees and managers.
- Manage human resources information through the most advanced technology available (PeopleSoft).

Communications: Communicate to Canadians what Industry Canada does . . .

- Provide more effective communications advice and products in support of Industry Canada's business lines.
- Develop innovative uses of Information Highway to improve direct communication to Canadians on the department's contribution to the *Jobs and Growth Agenda*.

- Foster stronger linkages with other government departments and agencies to increase the reach and effectiveness of Industry Canada communications activities.

Ethics Counsellor: Promote the highest standard of public service . . .

- Place the Lobbyists Registration Service and the Conflict of Interest and Post-Employment Code Public Declarations on the Internet using *Strategis*.
- Administer the Prime Minister's Conflict of Interest and Post-Employment Code for Public Office Holders, the *Lobbyists Registration Act* and the Lobbyists Code of Conduct.
- Contribute expertise to national and international initiatives on governmental ethics.
- Support a parliamentary review of the *Lobbyists Registration Act* in the year 2000.

Comparative Financial Plans

Corporate and Management Services accounts for 10% of the department's 1997–98 Estimates and is entirely made up of operating expenses.

The 1997–98 Estimates of \$96 million for this activity represent an 8% decrease from the 1996–97 Estimates. It is anticipated that by 1999–2000 Estimates will be \$86 million, a further 10% decrease from the 1997–98 level.

Performance Report

Introduction

Pursuing our mission . . .

- This first performance report describes what Industry Canada has accomplished since April 1995 toward **fostering a growing, competitive, knowledge-based economy**. Results are reported for 1995–96 and to the end of December 1996 unless otherwise noted.

. . . and strengthening our ability to report on performance . . .

- Industry Canada is taking steps to strengthen its management processes with more explicit statements of the results it expects to achieve, improved means to track progress toward the expected results and better use of performance information to improve client service.
- This document sets out strategic objectives and performance goals that will underpin the longer-term development of the department's performance reporting and accountability framework (see Figure 2, page 5). Based on this framework, the department will develop performance measures to provide meaningful information on the department's progress toward achieving its performance goals.
- Program-specific initiatives are also under way to design performance measurement systems including developing:
 - a performance measurement guide and training program
 - S&T performance indicators and an evaluation framework, in cooperation with other departments, as part of the new S&T Strategy
 - a “horizontal” performance measurement system applicable to the international business development activities of this department and other key federal players
 - a framework for measuring indicators of success under the Internal Trade Agreement
 - a performance measurement framework for processing and implementing legislative amendments, using the experience with the *Canada Co-operative Associations Act*
 - an evaluation framework and baseline study for the Community Access Program
 - performance measures and client service standards in marketplace service organizations
 - performance measurement frameworks in the Industry Sector Development business line and Operations Sector
 - objectives, targets and performance indicators in the Canadian Tourism Commission.
- Getting our performance measures right is a key priority for the department, particularly for initiatives that seek to foster change in the economy. Today's economy is characterized by a wide variety of external forces over which governments sometimes have limited control and where the players involved and their interactions are complex. In such an environment, developing measures of success that accurately reflect the influence of government initiatives, as opposed to other forces at work, will be the key to effective performance measurement for Industry Canada.
- Given the early stage of this work, there will be considerable refinement and modifications to our performance framework and measures over the next few years as we gain experience and greater understanding of the challenges of measurement.

PERFORMANCE REPORT

FIGURE 13
Departmental Appropriated Planned and Actual Spending

(thousands of dollars)	Main Estimates 1995-96*	Actuals 1995-96
Business Lines/Activities**		
Micro-Economic Policy	80,956	94,062
Marketplace Rules and Services	163,539	146,903
Industry Sector Development	904,804	873,981
Tourism***	18,231	72,713
Corporate and Management Services	101,848	96,475
Total	1,269,378	1,284,134

* Does not reflect Supplementary Estimates — Actual Main Estimates only.

** 1995-96 figures are shown using current Planning, Reporting and Accountability Structure (PRAS) for purposes of comparison.

*** Plan and Performance information for Tourism appears with Industry Sector Development in this document.

Micro-Economic Policy

Objective

The Micro-Economic Policy business line worked to develop the policies, strategies and frameworks needed to improve Canada's productivity growth and help Canadians take advantage of the knowledge-based economy . . .

Performance Goals

- Conduct and support leading-edge research on micro-economic issues as a basis for current and future policy decisions.
- Develop modern and effective marketplace framework laws and policies.
- Increase trade and investment through participation in the development and implementation of investment and trade policies.
- Design policy and regulatory frameworks for the Information Highway that support competition.
- Implement the federal S&T Strategy and other S&T initiatives.

Results Achieved

We conducted and supported leading-edge research on micro-economic issues as a basis for current and future policy decisions . . .

- Supported and strengthened the strategic objectives of government policy that were outlined in the *Building a More Innovative Economy* (BMIE) micro-economic framework of the *Jobs and Growth Agenda*, with its focus on marketplace climate, trade, infrastructure and technology for business and consumers.

- Provided fundamental micro-economic analysis and research to support the policy process at Industry Canada and provided government and business with strategic information on market and competitive intelligence (see box).

FILLING THE KNOWLEDGE GAP

- Published conference volumes on *The Asia Pacific Region in the Global Economy: A Canadian Perspective and on Capital Market Issues*.
- Held a government-industry policy round table on capital market issues.
- Introduced a new quarterly publication *The Micro-Economic Monitor*, which provides the Canadian public a quick and easy-to-read update on Canada's economic performance. The *Monitor* is also available electronically on *Strategis*.
- Published research papers on trade, investment, infrastructure, technology, human resources and taxation and their relationship to the competitiveness of the Canadian economy.

- Worked with other departments to identify medium-term pressure points in Canadian society and the research gaps that need to be filled.
- Began implementing a strategy that promotes a consultative culture at all levels in the department and helps shift the focus toward building relationships with key clients and stakeholders. National and sectoral industry associations were targeted during the first year of the strategy (see box opposite page).
- Through Industry Canada regional offices, produced regular reports on provincial indicators.

PROMOTING A CONSULTATIVE CULTURE

- Implemented senior officials' weekly visits to key clients.
- Identified and appointed departmental "champions" to manage relationships with 20 associations.
- Organized bilateral consultations between national and sectoral associations and the "champions."
- Held dinner meetings between associations and senior departmental officials, resulting in five action plans.
- Piloted client profile databases for six associations on Lotus Notes.

- Continued research on SME growth, human resources requirements for SMEs and key future SME issues. For example, we entered into a partnership with the Alliance of Manufacturers and Exporters Canada (AMEC) to conduct a needs assessment of 5,000 SMEs across Canada. The results of the survey were used for the development of SME policy both within Industry Canada and within AMEC.
- Began a research project in 1996–97 geared to evaluating the unincorporated micro-business sector and identifying the process of business growth and job creation in that sector.

We worked to develop modern and effective marketplace framework laws and policies . . .

- This has been a very active period for legislative reform contributing to an improved business climate, with targets being met (see box next column).

MEETING TARGETS FOR MARKETPLACE LEGISLATIVE REFORM

- Tabled amendments to the *Competition Act*.
- Tabled amendments to the *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act*.
- Amendments to the *Standards Council of Canada Act* were passed; initiatives to strengthen Canada's National Standards System were implemented beginning April 1996.
- With Canadian Heritage, tabled amendments to the *Copyright Act*.
- Implemented trade-marks changes regarding appellation of origin.
- Consulted on possible amendments to the *Canada Business Corporations Act*.
- Improved the Business Impact Test (BIT), to assess the impact of regulations on business.

We helped to increase trade and investment through participation in the development and implementation of investment and trade policies . . .

- With DFAIT, launched the new International Business Development strategy in June 1995. The IBD has three elements: Canada's International Business Strategy (CIBS), Regional Trade Plans, and the International Business Opportunities Centre (IBOC). Central to the new strategy is building a domestic Team Canada approach to strengthen international business development efforts through partnerships with the provinces and the private sector (implementation of planned activities is discussed under the Industry Sector Development line of business).

- With DFAIT, established Trade Team Canada and a Memorandum of Understanding with nine provinces to detail cooperative arrangements for the delivery of international business development services to the private sector, minimizing federal–provincial duplication and overlap.
- Helped to establish, with the provinces, an independent intergovernmental secretariat in Winnipeg for monitoring the commitments set out in the Internal Trade Agreement and providing support for ongoing negotiations called for under the agreement. While progress has been made in following through on many undertakings, a number of 1995 deadlines have slipped, with the most important being:
 - the extension of the Procurement Chapter to cover municipalities, publicly funded academic institutions, social service agencies and hospitals; the provinces and territories are working toward an agreement in this area
 - a reduction in the number of services and government entities (mainly Crown corporations) currently excluded from the agreement; governments are continuing to negotiate
 - completion of an energy chapter; the provinces are continuing to examine issues related to the cross-territorial transmission of electricity.
- Adopted spectrum policies to support a range of new wireless access facilities that helped to advance competition in the delivery of telecommunications, multi-media and broadcasting services:
 - issued a policy and a call for applications to provide personal communications services (PCS); four operators were licensed in 1995–96 to provide a range of advanced telecommunications services
 - issued a policy and call for applications to provide wireless broadband facilities known as local multi-point communications systems (LMCS); three operators were licensed in 1996–97 to provide services to about 200 communities
 - issued a call for applications to establish direct broadcasting satellite (DBS) facilities
 - contributed to the development of policy direction in Direct-to-Home (DTH) satellite services (see box).

We designed policy and regulatory frameworks for the Information Highway that support competition . . .

- Industry Canada, working with Canadian Heritage, issued the government’s convergence policy in August 1996. It sets the framework for competition in all Information Highway facilities, products and services while providing for continued support for Canadian content.
- Launched the second phase of the Information Highway Advisory Council, which will be assisting the government with policy advice on affordable access, Canadian content, and information technology and the workplace.

PROMOTING COMPETITION IN TELECOMMUNICATIONS: DIRECT-TO-HOME (DTH) BROADCASTING

- Industry Canada, with Canadian Heritage, developed policy directions under the *Broadcasting Act* that called for dynamic competition in DTH satellite services.
- Following issuance of the government’s policy directions, the CRTC licensed a number of competitive DTH services. Due to technical problems and the partial failure of Telesat’s Anik E-1 satellite, these licensees are not yet offering their services. However, some licensees envisage beginning service in 1997.

- Made major progress in dealing with information policy issues:
 - continued to participate in the Canadian Standards Association’s initiative to implement its 1995 model privacy code, and promoted the code for use as an international standard

- in light of the Minister's commitment (with the Department of Justice) to introduce draft privacy legislation, launched consultations with our provincial counterparts and industry and consumer associations
- conducted research into the topic of affordable access, and began work with provincial counterparts to develop collaborative strategies that would assist in this area.
- Collaborated with Statistics Canada and the OECD on the development of new socio-economic and financial indicators for telecommunications-based industry sectors (see box). These indicators will help us to develop policy options relating to the Information Highway.

DEVELOPING NEW INDICATORS FOR TELECOMMUNICATIONS-BASED INDUSTRY SECTORS

- Through increased cooperation and collaboration between the private and public sectors both domestically and internationally, the original program to develop new indicators on the telecommunications service industry has been extended to include developing new indicators on the information and communications technologies, services and goods industries.
- This program will advance the work of the Information Highway Advisory Council and the OECD on measuring the economic, financial and social impacts of the information economy.

- Completed a series of negotiations in the context of the ongoing international trade discussions on telecommunications services. Under the auspices of the WTO, Industry Canada and DFAIT are leading the Canadian negotiations on the General Agreement on Trade in Services (GATS). In this regard, our goal is to ensure that Canadians continue to receive world-class telecommunications services at competitive prices

from a strong domestic industry, and to secure improved access to priority markets, in particular the U.S.

We began to implement the federal S&T Strategy and other S&T initiatives . . .

- In March 1996, launched the federal S&T Strategy, *Science and Technology for the New Century*.
- Contributed, along with other Industry Portfolio partners, to the development of the Industry Portfolio S&T Action Plan, which was launched simultaneously with the federal S&T Strategy.
- Helped develop and provided secretariat support to the new Advisory Council on Science and Technology (ACST) announced by the Prime Minister. The council includes 12 prominent Canadians who have been asked to advise the Prime Minister and Cabinet on S&T priorities.
- Worked with Treasury Board Secretariat and other science-based departments and agencies on developing an approach to reporting on federal S&T activities and addressing significant cross-cutting S&T priorities.
- Launched a major program with Statistics Canada to develop new indicators on science, technology and innovation.
- With Western Economic Diversification, signed a Memorandum of Understanding with the four western provinces and the territories aimed at joint S&T planning in the context of industrial and economic growth.
- Led a study of R&D tax credits in all OECD countries and the Republic of Korea, which was completed by the Conference Board of Canada. Results will be published in the first quarter of 1997.
- Provided advice to help ensure that university research issues were considered in the overall government's policy agenda by monitoring the impact of provincial funding on university research infrastructure; undertaking work on the indirect costs of government research contracts with universities; and promoting the commercialization of university research results.

Comparative Financial Performance

Based on 1995–96 actual expenditures of \$94 million this business line accounted for 7% of the department's expenditures.⁶ Approximately 64% of these resources were used for the operating budget and 36% for grants and contributions. The 1995–96 actual expenditures of \$94 million were 16% higher than 1995–96 Estimates, primarily due to spending on SchoolNet and the Community Access Program, for which funds were acquired in Supplementary Estimates. The increase was partially offset by under-spending on the Canada Scholarships Program, for which funds were reprofiled to future years.

Industry Sector Development

Objective

The Industry Sector Development business line worked to help improve the competitiveness of Canadian businesses by working with them to ameliorate the climate for growth, identify and overcome barriers to growth, and take advantage of emerging opportunities . . .

Performance Goals

- Increase the number of exporting firms and diversify markets.
- Attract new foreign direct investment and retain existing investment.
- Encourage technological innovation in industry to improve the rate of adoption of advanced technologies.
- Promote growth of the information technologies and telecommunications industries.
- Place Canada and Canadians at the leading edge of the global Information Highway.

- Conduct and support R&D in advanced telecommunications technologies through the CRC.
- Produce and deliver strategic business information to Canadian businesses.
- Improve SME access to capital and information.
- Improve economic development in Northern Ontario.
- Strengthen Aboriginal businesses and their capital base.
- Increase the global awareness of Canada as a desirable tourist destination and provide information to the tourism industry to support decision making.

Results Achieved

We furthered the “Team Canada” approach to delivery of international business services, aimed at increasing the number of exporting firms and diversifying markets . . .

- Developed Canada's International Business Strategy (CIBS), co-managed with DFAIT. Its “Team Canada” approach to the delivery of international business development services is resulting in targeted sectoral strategies and focussed services to clients and partners in key markets. CIBS for 23 industrial sectors were developed and implemented jointly with DFAIT through 17 National Sector Teams. They are providing a more coordinated and strategic approach to trade initiatives, building on Canadian comparative advantage and capabilities. This has been reinforced by the complementary initiatives of the Regional Trade Networks, the International Trade Centres, and the International Business Opportunities Centre:
 - New regional trade plans integrate delivery of domestic trade development services by harnessing the expertise of federal/provincial/territorial departments/agencies and private sector groups. For example, each province/region now has a set of core partnerships in place, and a Regional Trade Plan with targets and objectives agreed to by all regional partners. The first results review will be completed by the end of 1996–97.

⁶ This includes spending on SchoolNet and the Community Access Program described under the Industry Sector Development business line.

- The International Business Opportunities Centre (IBOC), established in partnership with DFAIT to identify trade leads, followed over 3,500 trade leads and contacted over 9,000 companies.
- Set up the International Business Information Network (IBIN), accessible electronically through *Strategis*, to achieve widespread dissemination of basic export information.
- In September 1995, launched a new, three-year inter-departmental action plan to help Canadian firms become more successful in the US\$42-billion international financial institution capital project market. Initial focus was placed on the key environment, health, power and telecommunications sectors. Industry Canada met with leading Canadian exporters and industry associations, and provided a full range of support ranging from information products to services.
- Targeted trade support to the needs and concerns of particular industry sectors, and focussed on key markets. For example:
 - A North American Fabric Sourcing Directory was developed to assist apparel companies in meeting the NAFTA rules of origin and to serve as the basis for the next round of NAFTA negotiations on the rules of origin.
 - More than 20 outgoing trade missions, technical seminars, business seminars or market reconnaissance trips in support of the Canadian environmental industry were undertaken.
 - The International Working Group on Aluminium (IWGA) was formally established, with Industry Canada providing secretariat services. Key members include the United States, Russia, Norway and Australia.
 - A Steel Roundtable Discussion Group was established to serve as an industry-government consultative mechanism to identify priorities and discuss current and anticipated issues.

We established a new approach to attracting new foreign direct investment and retaining existing investment . . .

- Developed a new government investment strategy, approved in June 1996, that led to the establishment of Investment Partnerships Canada to target high-impact

multinational enterprise investment opportunities, and improve linkages between investment promotion abroad and domestic industry expertise.

We encouraged technological innovation in industry and made investments in technology development possible . . .

- Implemented a Technology Action Plan reflecting the government's S&T strategy and the Industry Portfolio response.
- Implemented a new program, called Technology Partnerships Canada (TPC) to lever private sector investment in high-technology products and processes. TPC is a central element in the government's agenda to promote technological development as a catalyst for economic growth and job creation through increased productivity and competitiveness (see box).

TECHNOLOGY PARTNERSHIPS CANADA (TPC)

- TPC has successfully launched a public-private sector partnership approach to investments in three critical sectors of the Canadian economy: environmental technologies, enabling technologies, and aerospace and defence industries, including defence conversion.
- TPC investments to date include R&D, and product and market development of new regional turbo-prop and jet airplanes, new aero-engines, new closed pulp and paper treatment technology, and fuel-cell plant development.
- TPC's Advisory Board, made up of Canadian leaders in key sectors and innovation technologies, guides the program's strategic directions.
- TPC reach-out activities have begun to reach SMEs, generating a number of exciting investment opportunities.

- Entered into a major round of collaborative pre-competitive R&D projects for Phase II of the Pre-Competitive Advanced Research Network (PRECARN). Eighteen projects have been approved to date, five of which have been completed. Industry Canada's support to PRECARN has enabled continued collaboration on technology development, diffusion and transfer in the areas of intelligent systems and advanced robotics.
- Supported the National Research Council of Canada in the development and national launch of the Canadian Technology Network (CTN), a people network, involving over 400 member organizations and offering SMEs over 3,500 technology-related services and areas of personal expertise.
- Facilitated six industry-led Technology Roadmaps. A Technology Roadmap is a mechanism for identifying the new critical technologies required by specific sectors to meet future market demands (see box).
- Under the Canada–U.S. Innovation Project, provided ways to enhance industrial cooperation between U.S. and Canadian firms, through strategic intelligence on innovation in technology and industry sectors. An initiative is now under way with the Alliance of Manufacturers and Exporters Canada to assist industry to develop a better understanding of the U.S. technology agenda and activities, and to establish ways for Canadian firms to participate in U.S. technology projects and vice versa.
- Completed an analysis of advanced manufacturing technologies challenges and opportunities in collaboration with Industry Portfolio members, and undertook extensive consultation with industry regarding a joint action plan.
- Continued to develop Trans-Forum, an Internet-based communication and information service to promote technology transfer from universities and colleges to SMEs, by establishing an advisory board, evaluating pilot services, conducting feasibility studies for new services, expanding information services, and consolidating the client base.

TECHNOLOGY ROADMAPS

- The first phases of two technology roadmaps — Forestry Operations and Aircraft Manufacturing, Repair and Overhaul — have been completed. The documents identify the driving forces and technologies that are critical for the industry to compete and meet future market demands and form the basis for the development of action plans.
 - The Aircraft Manufacturing, Repair and Overhaul Roadmap led by Industry Canada involved the National Research Council, Department of National Defence, and the Ontario Ministry of Economic Development, Trade and Tourism (MEDTT). The result was the identification of 50 technologies, anticipated to be of critical importance by the beginning of the next century.
 - The Forestry Operations Roadmap, developed with the Forest Engineering Research Institute of Canada (FERIC), the forestry industry, equipment manufacturers and Industry Canada, defines 10-year targets for Canadian forest operations.
 - Industry Canada, companies and other stakeholders in both the aerospace and forestry pilots will be developing action/implementation plans.
- In Phase II of the Networks of Centres of Excellence (NCE) Program, in conjunction with the granting councils, added four new networks in the target areas of advanced technologies, environment, health research and technology-based learning. This brings the total number of networks to 14. These networks involve over

1,000 researchers, 1,700 graduate students, 48 universities, 37 hospitals and 405 industries. Since 1995, they have generated a total of 81 patents filed with 21 awarded; 46 licences were granted to industry and 59 are under negotiation. Since 1991, the networks have established 27 start-up firms with 143 employees.

- Published the first practical workbook on ISO 9000 registration for small professional service firms, endorsed by ISO consultants and registrars.

We promoted growth in the information technologies and telecommunications industries, increased use of information technologies by all sectors of the economy, and helped place Canada and Canadians at the leading edge of the global Information Highway . . .

- Made steady progress in building the Information Highway and developing innovative new products and services in collaboration with the private sector that will accelerate leading technology development and application.
- Exceeded expectations in connecting Canadians to the Information Highway, and in providing jobs and learning opportunities for young people (see box).
- Surpassed CANARIE original objectives by linking internationally to the G-7 high-speed networks. The Technology and Applications Development (TAD) program has had considerable success with the information technology industry, stimulating the development of innovative technologies and applications. The program has been successful in leveraging several times its investment with the private sector. CANARIE has forged new ground, particularly in the telehealth area, by coordinating a study that has resulted in a Canadian Health IWAY vision document. It has shown leadership by successfully bringing together government and industry partners, including Industry Canada, Health Canada, Stentor and AT&T Canada, to complete this initiative.

PLACING CANADA AND CANADIANS AT THE LEADING EDGE OF THE INFORMATION HIGHWAY

- Public access to the Internet for some 380 rural communities was provided in 1996 under the **Community Access Program**. Over 800 jobs were created for students to work with CAP during the summer of 1996.
- The number of schools connected under **SchoolNet** reached 8,500 of 16,500 schools in Canada. Some 220 First Nations schools signed agreements to connect.
- **Computers for Schools** is expected to deliver 13,000 computers in 1996-97, for a total of approximately 25,000 computers and 44,000 pieces of software donated since the program began in fall 1993.
- **SchoolNet Digital Collections** has funded the digitization of over 100 heritage and science and technology collections by over 600 young Canadians, to display on SchoolNet.
- **SchoolNet Virtual Products** successfully completed the National Graduate Register pilot project with 10,000 students enrolled to date, and launched 30 new services for SchoolNet.
- **Student Connection** allows post-secondary students to introduce SME managers to innovative on-line methods of meeting their business needs; students gain the business experience and computing skills necessary to compete successfully in today's job market. Since May 1996, more than 1,000 students have been employed and over 6,000 business managers trained.

We conducted and supported R&D in advanced telecommunications technologies . . .

- Continued to provide leading-edge support to the telecommunications industry, through the Communications Research Centre (CRC):
 - In response to the Information Highway Advisory Council recommendations and the departmental response, increased the role of the CRC’s testbeds (BADLAB, satcom, fibre-optics, wireless), and undertook research on the interoperability and interconnectivity of radio, satcom and fibre-optic systems.
 - Developed more partnerships between the CRC and external organizations to enhance knowledge and technology transfer from the CRC research program. The Innovation Centre provided an “incubation” home to eight companies developing innovative products. Two early successes have been **Linnor Technologies Inc.**, which won the 1996 Ottawa–Carleton Business Achievement Award for New Business of the Year, and **Innovative Fibers Inc.**

We produced and delivered strategic business information to Canadian businesses . . .

- Launched *Strategis*, Industry Canada’s Internet site in March 1996. *Strategis* is an unequivocal success. It is Canada’s largest on-line business information site. Through *Strategis*, users are able to access the latest information on trade data, micro-economic policy, the marketplace, emerging technologies, and on how to manage a business. *Strategis* is a world of information spread over 325,000 electronic documents, 750,000 pages of searchable text, three billion bytes of economic data, and hundreds of hot links to sites around the world:
 - *Strategis* is available seven days a week, 24 hours a day. A knowledgeable help desk assists users over the telephone, by fax, and on-line using e-mail. The help desk answers approximately 500 enquiries per week.
 - *Strategis* is a growing resource, and is backed by the department’s commitment to be truly responsive to user needs. Continuous improvement since the launch, both in content and functionality, has been

the consequence of regular and constructive client feedback. User comments have resulted in regular changes to the interface and significant improvements to both the search engine and the content of *Strategis*.

- Over the period from March to December 1996, the amount of information on *Strategis* doubled, resulting in an increase from 24 to 50 different products representing all lines of business in the department. Products introduced on *Strategis* toward the latter part of the year include, for example, the Corporations Database, which allows users to access information on federally incorporated companies, in addition to the 25,000 companies listed in Canadian Company Capabilities.
- The Canadian Patent Database was added to the collection, enabling quick searches on patents issued and applications for patents. The database holds in excess of 500,000 individual records.
- Published 10 Sector Competitiveness Frameworks that analyze the structure, performance and prospects for growth of specific Industry Sectors. They are: Forest Products, Petroleum Products, Automotive Industry, Consulting Engineering, Bus Manufacturing, Plastic Products, Rail and Guided Urban Transit Equipment, Primary Steel, Household Furniture, and Aircraft and Aircraft Parts. Of 19 under way, 11 will be published in the spring of 1997, and eight in the summer of 1997.
- Provided over 300 client-driven outputs in the areas of trade, technology, investment, human resources development, and sustainable development (see box).

CANADIAN ENVIRONMENTAL SOLUTIONS (CES)

- A database of Canadian environmental companies and their capabilities, known as CES, was developed and is available on *Strategis* and compact disk. It is used extensively by Canadian trade officers and by industry in many countries, and is being translated into Polish and Czech with assistance from CIDA.

We improved SME access to capital and information . . .

- During the 1995–96 fiscal year, registered a total of 34,453 loans under the *Small Business Loans Act*, supporting the creation of 181,259 jobs. New data collection under the *Small Business Loans Act* has been implemented in 1996–97 to provide better information on the economic impact of the program and monitor the effectiveness of its cost-recovery mandate.
- Launched the Canada Community Investment Plan (CCIP) in March 1996, aimed at helping communities work with growth-oriented businesses to access existing local, regional and national sources of risk capital. Eleven communities were selected for funding in 1996–97.
- Launched the Business Network Demonstration Project for SMEs in 1995–96, managed by the Canadian Business Network Coalition. The coalition, made up of 15 members, was expected to recruit additional members, launch 40 business seminars, train 50 business network advisors and form 30 demonstration networks. In effect, the coalition now has 100 members, 200 business network advisors have been trained and 36 business networks are being formed.
- Provided a variety of services in support of the SME community. These are listed in *Your Guide to Government of Canada Services and Support for Small Business 1996–97*, published in November 1996 and available on *Strategis*. An annual *Statistical Report on Canadian SMEs* is now also published, in addition to the redesigned *Small Business Quarterly* publication.
- Starting in the fall of 1996, organized over 20 small business conferences and information fairs across Canada to showcase the range of government programs and services available to SMEs, resulting in greater awareness among SMEs of government initiatives and reinforcing government–SME partnerships.
- Worked to help develop business/management skills of SMEs. One such initiative was a business diagnostic and benchmarking project in partnership with the Canadian Council for Human Resources in the Environmental Industries (CCHREI) and the Alberta Research Council. This pilot project made the linkages between key success factors and managerial competencies, and resulted in an Industry Portfolio research

project to link key success factors at various stages of the business life cycle to managerial competencies required to improve business performance.

- Created a comprehensive, nation-wide database of small business support organizations entitled *Contact! The Canadian Management Network*, to provide SMEs with easy access to management resources, software tools, publications and other specialized services. Since its inception, it has consistently been one of the top five products on *Strategis*.
- Sponsored a feasibility study and development of a business plan for establishing a national association of women business owners in Canada and supported the development of an information network and a database for women entrepreneurs.
- Served an increasing number of small business clients in Ontario through the Canada–Ontario Business Service Centre (COBSC) (see box). An agreement was signed between governments establishing a Canada–Northwest Territories Business Service Centre to serve entrepreneurs in the North. (Note: Regional agencies administer service centres in other regions.)

CANADA-ONTARIO BUSINESS SERVICE CENTRE (COBSC)

- During the past fiscal year, the Canada–Ontario Business Service Centre responded to approximately 390,000 enquiries from entrepreneurs and small businesses on business start-up, financing, intellectual property and other small business issues, a 40% increase over the level of the previous year.
- In addition to the existing Interactive Voice Response System and Faxback System, a website was created offering “Starting a Small Business in Ontario” documents through the Internet.
- Service standards were developed; performance generally exceeded comparable industry standard for call centre operations.
- Overall, clients indicated a satisfaction rating with the service in excess of 95%.

We improved infrastructure in Ontario . . .

- In 1996–97, completed the approval phase of the Canada–Ontario Infrastructure Works Program (COIW), with a total of 5,200 projects approved under the program; of these, some 3,000 projects were completed. By the end of 1996–97, some 17,000 claims will have been processed involving \$630 million in federal investment.

. . . improved economic development in Northern Ontario . . .

- Through FedNor, signed MOUs with banking partners and negotiated with others to enhance access to capital; provided additional investment funds to Northern Ontario Community Futures Development Corporations (CFDC); launched three funds in support of the Tourism sector, pre-commercial R&D and not-for-profit initiatives; and reviewed requests for informatics upgrading in Northern Ontario, in support of CFDC capacity enhancement and business counselling. FedNor also delivers the Ontario Base Closure Program (OBCAP) in North Bay. Several projects, including the Air Base Property Corporation, have been assisted.

. . . and made strategic industrial investments in Quebec . . .

- Provided financial support for major industrial projects under the Canada–Quebec Subsidiary Agreement on Industrial Development. In 1996–97, some 19 projects were approved, with \$31.6 million in federal contributions, of total project costs of \$506.4 million, creating or maintaining over 2,340 jobs.

We strengthened Aboriginal businesses and their capital base . . .

- Conducted an evaluation of program performance in 1996, which concluded that while overall economic and social problems continue to exist at the community level, Aboriginal Business Canada has successfully contributed toward economic self-reliance for employees and owners of program-assisted businesses (see box).
- Continued to work with partners in promoting the growth of Aboriginal firms into wider markets. This was accomplished through the publication of the *Aboriginal Export and Trade Directory*, which profiles over 100 firms already exporting and capable of expanding into additional markets and conducting

ABORIGINAL BUSINESS CANADA RESULTS

- The program met its target of investing in over 300 Aboriginal firms, in projects involving market expansion, technology improvement, or youth entrepreneurship.
- Assistance to Aboriginal businesses has resulted in significant job creation and/or the maintenance of employment, which has had an impact on reducing social assistance dependency.
- The survival rate of assisted businesses is high relative to available benchmark data.
- Approximately half of the assisted businesses are operating at a profit or small loss after providing a return to their working owners, a standard in line with other Canadian businesses.

trade missions; developing a national sector team and establishing Aboriginal Tourism Team Canada; and supporting companies to market via the Internet.

- Developed more information products to support Aboriginal entrepreneurs. These included the Aboriginal Youth Business Council website; a multi-media product that portrays role models and looks at success factors for innovation-based businesses; and a video series on entrepreneurship and exporting.

We increased the global awareness of Canada as a desirable tourist destination and provided information to the tourism industry to support decision making . . .

- Created the Canadian Tourism Commission to undertake an expanded marketing program in domestic and major international markets. The government provided a \$50 million budget and challenged the tourism industry to match that funding through joint initiatives within three years. This initial budget was supplemented by an additional one-time contribution of \$15 million in response to the success of the CTC's partnering programs.

- Established private sector-led committees responsible for the planning, partner and resource generation, and delivery of the tourism programs in marketing, research and product development.

**THE CTC: A PUBLIC-PRIVATE
SECTOR SUCCESS STORY**

■ More than 300 members of the tourism industry, mainly from the private sector, volunteer hundreds of hours of their time to make the CTC a success. They sit on the CTC's board, chair or participate in committees, develop plans, raise funds and implement CTC projects around the world.

- Attracted more than 1,400 partners and increased partner funding to over \$62 million by the fall of 1996, thereby surpassing the challenge set by the government to raise \$50 million per year in partnership funding within three years.
- Put in place a planning and partnering process that focussed and integrated the resources of partners toward common objectives (see box below).

PARTNERSHIPS WORK

■ A Canadian and global first: Every quarter, members of the tourism industry can review information on the performance of their industry, thanks to a partnership between the CTC and Statistics Canada that produces data on 100 national indicators about the tourism industry.

■ One joint marketing agreement between the CTC and JCB International, a major credit card company, is increasing awareness of Canada among 34 million card-holders worldwide.

- Identified with industry key product gaps in Canada's tourism product offering, and through an innovative partnership program with small businesses, began to develop new and/or improved Canadian tourism products for the global marketplace.
- Enhanced the CTC website to give the industry access to a huge resource of reference information on the tourism industry; and held a national Travel Technology Conference to expose the industry to new technologies and how to use them.
- Contributed to reducing the deficit on the travel account by 14.3% (\$568 million) from 1994 to 1996 (annualized).
- Contributed to increasing the number of foreign visitors to Canada by 6% to reach 17 million person-trips in 1995 and increasing the numbers of Canadians vacationing at home. As a result, tourism spending in Canada rose 7% to \$41.8 billion in 1995.
- For the first nine months of 1996, contributed to a substantial increase in tourist visits from international markets: Asia up 18.1%, Europe up 8.6%, while the U.S. was down 0.4%. Foreign tourist receipts rose by 8.0% (\$724 million).

**Comparative Financial
Performance**

Based on 1995-96 actual expenditures of \$947 million, this business line accounted for 74% of the department's expenditures. Approximately 31% of these resources were used for the operating budget and 69% for grants and contributions. Revenue in the amount of \$7 million was credited to the departmental vote and \$108 million to the Consolidated Revenue Fund.

The actual expenditures in 1995-96 of \$947 million were reduced by 30% to \$665 million in the 1996-97 Estimates. The reduction was mainly due to decreased spending under the Canada-Ontario Infrastructure Works Program, the sunseting of the Defence Industry Productivity Program and reductions to a number of other grants and contribution programs.

Marketplace Rules and Services

Objective

The Marketplace Rules and Services business line promoted a fair, efficient and competitive marketplace for businesses and consumers, and promoted Canadian marketplace standards internationally . . .

Performance Goals

- Deliver information and services that enable businesses and consumers to contribute to, and benefit from, an efficient and stable marketplace and respond better to changing conditions.
- Develop standards and regulations that encourage a fair, efficient and competitive marketplace.
- Administer and enforce marketplace laws and regulations to maintain business and consumer confidence.
- Promote international acceptance of Canadian marketplace standards to help Canadian businesses compete effectively in global markets.

Results Achieved

We delivered information and services to enable businesses and consumers to contribute to, and benefit from, an efficient and stable marketplace and respond to changing conditions . . .

- Successfully delivered services in response to high demand (see box).
- Increased on-line electronic access to information on marketplace organizations and services, including the federal corporations database and consumer products information bulletins.
- Conducted research on consumer issues in electronic commerce, and followed up on the 1994 survey of consumer attitudes on biotechnology.

DELIVERED KEY MARKETPLACE SERVICES IN 1995-96

- 68,000 intellectual property applications
- 32,000 new articles of incorporation and fundamental changes; amendment, amalgamation, dissolution and name decisions
- 165,000 statutory filings under the CBCA and other corporate laws
- 133,000 information requests related to corporations
- 200,000 compliance and enforcement activities related to federal corporations
- 46,700 competition transactions (complaints, merger prenotifications, advance rulings and information requests)
- 65,400 radio licences, 4,600 broadcast applications and notifications, 250,000 bilateral proposals and international notifications for frequency assignments, 25,500 radio operator examinations, 2,700 radio and telecommunications equipment approvals, and over three million certification labels for telecommunications equipment
- 83,400 total filings, including 78,700 bankruptcies, as part of bankruptcy and insolvency supervision
- 12,000 consumer product inspections and warnings
- nearly 34,000 measurement standards calibrated and certified
- over one million measuring devices (electricity and natural gas meters, scales, liquid meters, etc.) inspected, and 450 prototype measuring devices evaluated and approved for trade use in Canada
- over 15,000 disputes between buyers and sellers of electricity and natural gas investigated and resolved

PERFORMANCE REPORT

- Increased, by approximately 10%, the number of electricity and natural gas meters verified by accredited meter verifiers (see box below).

ALTERNATIVE SERVICE DELIVERY IN MEASUREMENT CANADA

At the end of 1995-96, accredited organizations verified 55% of the approximately 18.1 million electricity and natural gas meters in Canada. Some 97% of the meters verified by accredited meter verifiers are simple meters used in residential applications.

- Produced “Scam Alert!” a four-part video to help consumers and businesses protect themselves against telephone and mail scams.
 - Established an experimental electronic Consumer Research Information Network linking regional offices, academics, consumer groups and businesses to explore opportunities for discussion on consumer issues.
 - Provided searchable patent and trade-mark information, via the Canadian Intellectual Property Office Internet home page, including guides, opportunities for client consultation on proposed regulatory changes, and hot links to other intellectual property websites.
 - Established the “Consumer Connection” on *Strategis*, a single-window information service to improve consumer decision making in the marketplace and inform consumers of their rights and responsibilities. It also includes the quarterly Credit Card Costs Report, which provides comparative information about costs associated with credit card use.
 - Launched the *Consumer Quarterly*, which provides timely information and analysis to consumers, scholars, industry and policy makers. Topics to date include consumer debt, financial services, biotechnology and voluntary codes.
- Conducted research on consumer concerns relating to negative option marketing, bank service charges, banks’ entry into insurance retailing, telecommunications deregulation and sustainable development.
 - Established client service standards for radio authorization and interference investigations and carried out a public information campaign.
 - Instituted a Competition Bureau quarterly report to provide timely information on bureau enforcement activities and new compliance initiatives.
 - Improved service delivery in the Canadian Intellectual Property Office (see box below) and other marketplace service organizations.
 - Obtained provisional Special Operating Agency (SOA) status for Measurement Canada and drafted SOA submissions and business plans for the Office of the Superintendent of Bankruptcy and the Corporations Directorate.
 - Continued to implement changes to the Consumer Affairs grants and contributions program, which will help consumer groups reach financial self-sufficiency and increase their effectiveness at consumer representation.

CIPO SERVICE IMPROVEMENTS

- In 1995-96, the formalities section of the Trade-marks Branch has cut processing times in half — down to 10 days.
- In 1996-97, the Copyright Branch reduced registration time from eight to four weeks.
- The Patent Branch reduced the time to register assignment documents from 25 weeks in 1995-96 to 12 weeks in 1996-97.

We improved standards and regulations that helped to encourage a fair, efficient and competitive marketplace . . .

- Eliminated standardized package size requirements for 11 consumer product types, which made comparison shopping easier for consumers and reduced packaging costs for businesses.
- Modified the textile registration system to allow cost-effective service delivery improvements.
- Revised the Patent Rules and Trade-marks Regulations to simplify and accelerate processes (see box below).

REDUCING PAPER BURDEN

- Completed negotiations with the Canadian Standards Association to introduce a single filing initiative.
- Removed all forms from the Trade-marks Regulations and reduced the number of forms in the Patent Rules from 30 to three.
- Allowed spectrum licensees, industry associations and/or the general public to complete more transactions electronically.
- Provided electronic filing systems for clients of the Corporations Directorate and Lobbyists Registration.
- Worked with provinces to reduce the extra-provincial corporations registration and annual filing burden.

- Began drafting regulations for electronic filing for corporations to improve access to and more timely provision of services.
- Updated the Bankruptcy Surplus Income Circular, and studied revisions to the trustee's tariff to ensure they meet current market needs and introduced a new Bankruptcy Court tariff.

- Developed approaches to modernize the *Consumer Packaging and Labelling Act*, the *Precious Metals Marking Act* and the *Textile Labelling Act* to more effectively protect Canadian consumer interests. These initiatives will also seek to reduce the regulatory burden on industry. In addition, these activities will bring the Acts into better congruence with NAFTA and the globalized marketplace.
- Implemented a process to qualify bankruptcy and insolvency counsellors to ensure debtors are counselled on the full range of options available to them according to a minimum set of national standards.
- Conducted research, analyzed legal and economic impacts and held a symposium to assist in the planned development of a federal Voluntary Code Guide on self-regulation to assist government, industry, and consumer groups in designing such systems.
- Following a comprehensive client survey, worked on a proposal with Revenue Canada to combine the Canada Business Corporations Annual Return with the Corporate Income Tax Return, thus reducing paper burden on clients.
- Completed a multi-year project to develop new Radiocommunication Regulations to provide a more comprehensive and flexible regulatory framework and improve the department's ability to regulate in step with technological advances. This also ensures effective and efficient access to the radio frequency spectrum in Canada.
- Banned digital scanners except in circumstances where they are required for law enforcement, spectrum management and by service providers for radio system monitoring. This was done in support of a recommendation from the Information Highway Advisory Council.
- Issued 20 radio system and equipment standards covering broadcast, mobile and fixed radio systems, and a variety of new telecommunications equipment. These standards will help to minimize the delays that would have normally occurred in the regulatory enforcement process.

- Developed a draft frequency allotment plan to allow for the eventual replacement of all AM/FM radio stations with digital radio.
- Investigated issues related to the auctioning of spectrum space and the value of rights and privileges to provide a number of telecommunications services.
- Increased use of the Business Impact Test in analyzing potential impacts of consumer product regulatory changes.

We administered and enforced marketplace laws and regulations to maintain business and consumer confidence . . .

- Developed information products and feedback mechanisms to promote compliance through:
 - increased use of electronic and other media to disseminate information on consumer products compliance activities to businesses and consumers
 - improved client feedback mechanisms in Consumer Products to allow more focussed corrective activity
 - revised guidelines for corporations and their investors to explain the director’s role in oppression remedy matters under the *Canada Business Corporations Act* (CBCA)
 - provided new information kits on exemptions under the CBCA and drafted policy guidelines for reviving dissolved corporations.
- Continued service and compliance improvements and examined alternative compliance tools as a way to increase the cost effectiveness of compliance activities in the Office of the Superintendent of Bankruptcy (OSB).
- Successfully pursued a number of important *Competition Act* cases (see box).

RECENT COMPETITION ACT CASES

- \$5.8 million total fines imposed on four ready-mix concrete producers for conspiracy in sharing the sales of ready-mix concrete.
- \$1.9 million fine imposed on a single company for conspiracy in the commercial container rental, waste pick-up and waste dumping market.
- 100 hours of community service and fines of \$75,000 imposed on the company and \$5,000 on the individual in relation to misleading advertising of Micro Ear 2000.
- Order to donate and install two interactive voice response systems to two registered charities. This order resulted from a misleading advertising prosecution. The individual and company accused were also fined \$44,000.
- Consent order issued against Interac Inc. and the nine charter members of Interac for abuse of a joint dominant position. The order requires the elimination of access restrictions, as well as the current constraints to product innovation and price competition.
- Application made to the Competition Tribunal in the Seaspan case involving provision of tug boat services in the Port of Vancouver and in the provision of barging services in and around British Columbia’s coastal waters, alleging that the mergers prevent or lessen competition substantially.

- Provided federal support and leadership relating to the federal–provincial Internal Trade Agreement including:
 - harmonizing consumer protection of direct selling contracts and cost of credit disclosure in support of the Consumer Measures Committee
 - promoting effective cross-border enforcement and information sharing, and coordinating consumer awareness activities among provinces in support of the Consumer Measures Committee.

We promoted Canadian marketplace standards internationally . . .

- Developed performance standards for multiple dimension measuring devices, through a joint Canada–U.S. venture. These will form the basis for the development of international standards and lead to export opportunities for Canadian manufacturers.
- Supported Canada’s participation on the OECD’s Committee on Consumer Policy to promote Canada’s consumer marketplace standards internationally.
- Provided input to the U.S. Federal Trade Commission consultations on rules for marking gold and silver content on jewellery, and for care instructions on clothing and other textile articles.
- Established a new streamlined disclosure process for the telecommunications terminal attachment program, which will help telecommunications service providers launch new services faster.
- Acceded to the Budapest Treaty for the international deposit of microorganisms for patent disclosure. Canadian inventors seeking patent protection in other countries now only need to provide a single deposit of biological material with an authorized depository.
- Signed with the Republic of Korea, and completed negotiation with the European Union on, Mutual Recognition Arrangements on conformity assessment of a variety of telecommunications, radio and information technology equipment, and electromagnetic compatibility.

- Established a Canada–U.S. Task Force on Cross-Border Deceptive Marketing Practices allowing law enforcement agencies from both countries to combat the growing trend in these practices.
- Sponsored, under the *Building a More Innovative Economy* (BMIE) Standards Initiative Program, the Canadian Standards Association’s submission of its model Privacy Code to the ISO for adoption as an international standard on privacy. This work will enhance consumer protection particularly on cross-border transactions and minimize non-tariff barriers to trade.

Comparative Financial Performance

Based on 1995–96 actual expenditures of \$147 million, this business line accounted for 11% of the department’s expenditures, virtually all for operating costs. Revenue was credited to the departmental vote in the amount of \$51 million and \$186 million was credited to the Consolidated Revenue Fund. The 1995–96 actual expenditures of \$147 million, were 10% lower than originally shown in the 1995–96 Estimates. The 1996–97 Estimates were \$123 million, 25% lower than the 1995–96 Estimates.

Supporting Our Business Lines: Corporate and Management Services

Objective

Corporate and Management Services worked to provide the infrastructure and support required for the department to deliver the best possible service to Canadians by increasing efficiency through developing new ways of interacting with clients using information technology, streamlining management practices, renewing and revitalizing its work force, communicating its achievements and encouraging the highest standard of public service . . .

Performance Goals

- Manage and control departmental funds.
- Increase efficiency by developing new ways of interacting with clients using information technology, better facilities management and management consulting.
- Streamline management practices and improve risk management, performance measurement and accountability.
- Renew and revitalize the work force to provide the best possible service to Canadians.
- Communicate to Canadians what Industry Canada does.
- Promote the highest standard of public service.

Results Achieved

Comptroller: Manage and control departmental funds . . .

- Coordinated the first Departmental Business Plans in 1995–96 and 1996–97.
- Participated with four other departments in the selection of a new financial/materiel system for Industry Canada, to meet Treasury Board's new Financial Information Strategy (FIS) requirements and compliance standards set for the year 2000.
- Implemented the departmental Contracts Operations Tracking System (COTS) at headquarters and all regional offices. Departmental policies on fleet management, asset management and microcomputer use were issued.
- Coordinated the development and approval of the Planning, Reporting and Accountability Structure (PRAS) for Industry Canada. The PRAS relates the internal management and accountability regime of the department to its objectives, business lines, resource requirements and performance targets.

Informatics Corporate Support, Facilities Management and Management Consulting: Increase efficiency by developing new ways of interacting with clients using information technology, better facilities management and management consulting . . .

- Implemented Asynchronous Transfer Mode (ATM) as the telecommunications transport mode for the department's Wide Area Network. This increased the bandwidth without incurring any additional communications costs. Also, the Internet access was upgraded to ATM to provide increased bandwidth to *Strategis* and for use of the Internet by departmental personnel.
- Enhanced the department's electronic mail service to improve internal and external communications including the ability to send and receive e-mail through Microsoft, Lotus Notes and the Internet.
- With Communications Branch improved Hoover, Industry Canada's electronic media services, and expanded it to 500 users.
- Implemented an integrated library/information gateway system that provides clients with an easy-to-use, consistent interface to both local and remote databases.
- Rationalized office accommodations that freed up approximately 2,500 square metres for usage on a priority basis.
- Took advantage of cutting-edge video technologies to open a major video conference centre in Ottawa, which meets the department's objectives of reducing travel time and costs while exploring alternative working arrangements.

Audit and Evaluation: Streamline management practices and improve risk management, performance measurement and accountability . . .

- Completed audits of: Staff Training, Revenue Systems, Departmental Information Systems, Official Languages, Environmental Stewardship and the Pacific Region. Also, a Treasury Board directed audit was carried out for 1994–95 year-end expenditures.

- Undertook an evaluation study of CANARIE Phase I, and developed evaluation frameworks for the Canada Community Investment Plan and CANARIE Phase II, as well as interdepartmental evaluations of Canada Genome Analysis and Technology (CGAT), Networks of Centres of Excellence (NCE) and National Strategy for the Integration of Persons with Disabilities.
- Provided performance measurement development support, most notably for the Industry and Science Policy Sector.
- Brought the Audit and Evaluation functions into the same organization. This has made more effective use of each group's different skills and achieved greater complementarity and synergy.
- Carried out evaluation studies of Aboriginal Business Canada, the Insight Plus CD-ROM, the Canada-Israel Industrial R&D Foundation, and the Canada-Ontario Infrastructure Works program, the latter led by Treasury Board Secretariat.
- Undertook two special projects that:
 - assisted in the design of a Sustainable Development (SD) Strategy through profiling current departmental SD activities, identifying key management issues, and designing a performance framework for the strategy
 - assessed, in partnership with the Industry and Science Policy Sector, regulatory processes in relation to Treasury Board's Regulatory Process Management Standards.
- Established an Employee Advisory Board (EAB) with union representation to advise the department on the management of work force reductions.
- Maintained cooperative relations with unions throughout downsizing.
- Provided extensive career counselling for employees through the Employee Resource Centre, financial counselling, workshops on change, assistance in preparing for job interviews, writing resumes and setting up a small business.
- Offered 57 noon-hour seminars on "Owning My Own Business" for 900 participants considering moves to the private sector as a result of downsizing.
- Increased the representation of women in the Management Category in spite of downsizing.
- Provided leadership in the development and management of work force information (PeopleSoft) supporting strategic work force management.

Communications: Communicate to Canadians what Industry Canada does . . .

Human Resources: Renew and revitalize the work force to provide the best possible service to Canadians . . .

- Strengthened leadership and people management skills by introducing an upward feedback exercise to support effective communication between management and employees.
- Achieved Program Review I targets with no involuntary departures
- Developed and implemented a three-track communications strategy:
 - track I focusses on other government departments and agencies, both federally and provincially
 - track II is aimed at Industry Canada employees
 - track III focusses on the department's external clients.
- As part of tracks I and III of the department's communications strategy, the Deputy Minister and senior staff have made a variety of presentations on the new Industry department and its priority areas.
- Launched track II of the department's communications strategy by developing *IC and Me*, an information program on Industry Canada where trained employees led groups of their colleagues through exercises that enable them to become effective ambassadors for Industry Canada.

PERFORMANCE REPORT

- Worked together with communications representatives from across the Industry Portfolio on track III initiatives to improve communications with clients in such areas as jobs and growth, youth, science and technology, rural economic development and trade initiatives.
- Sustained quality communication support to Ministerial and corporate priorities, including the Science and Technology Review, the response to the Information Highway Advisory Council's report, and SME activities across the country.
- Carried out an extensive program of consultation and partnering with key clients to determine their needs and expectations and to develop client-oriented responses and innovative delivery mechanisms.
- Introduced an electronic media monitoring system, giving the department more timely access to a broader range of information sources.
- Developed more timely internal communications products to keep employees informed on departmental activities.
- Took advantage of new technology to communicate information, including electronic publishing, multi-media presentations, satellite hook-ups and electronic distribution of information.

Ethics Counsellor: Promote the highest standard of public service . . .

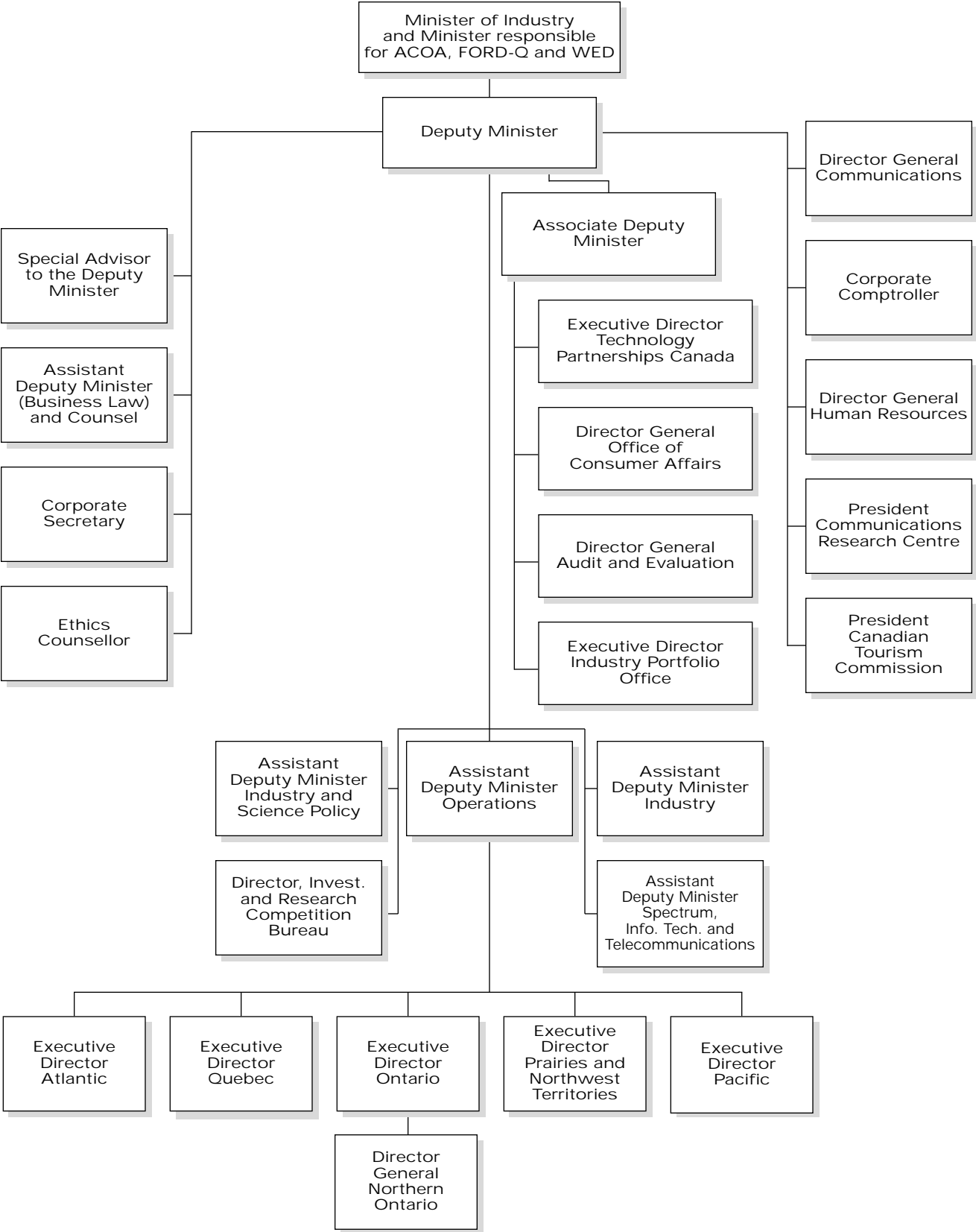
- Administered the Prime Minister's Conflict of Interest and Post-Employment Code for Public Office Holders and the *Lobbyists Registration Act*.
- Commenced a legislatively mandated consultation process in relation to the establishment of a Lobbyists Code of Conduct.
- Made a presentation of the Lobbyists Code of Conduct before the parliamentary committee on Procedures and House Affairs after completion of a legislatively mandated consultation process.
- Implemented the Lobbyists Code of Conduct upon its publication in the *Canada Gazette*.

Comparative Financial Performance

Based on 1995-96 actual expenditures of \$96 million, this activity accounted for 8% of the department's expenditures, all for operating resources. The 1995-96 actual expenditures of \$96 million, were 5% lower than the 1995-96 Estimates.

Supplementary Information

FIGURE 14



SUPPLEMENTARY INFORMATION

FIGURE 15
Personnel Requirements
Details of Personnel Requirements by Business Line/Activity (FTEs)

	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Business Lines/Activities					
Micro-Economic Policy	318	337	343	343	333
Marketplace Rules and Services	2,280	2,237	2,320	2,320	2,320
Industry Sector Development	1,423	1,419	1,439	1,416	1,413
Tourism*	63	62	70	70	70
Corporate and Management Services	840	776	748	748	748
Total	4,924	4,831	4,920	4,897	4,884

* Plan and Performance information for Tourism appears with Industry Sector Development in this document.

FIGURE 16
Personnel Requirements
Summary by Professional Category (FTEs)

	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Order-in-Council Appointments	5	5	6	5	5
Executive Group	210	221	210	204	204
Scientific and Professional	628	610	640	634	629
Administrative and Foreign Service	2,034	1,963	2,015	2,005	1,997
Technical	756	724	756	756	756
Administrative Support	1,235	1,252	1,237	1,237	1,237
Operational	56	56	56	56	56
Total	4,924	4,831	4,920	4,897	4,884

SUPPLEMENTARY INFORMATION

FIGURE 17
Additional Financial Information
Revenues and Expenditures
Gross and Net Departmental Expenditures by Business Line/Activity

(thousands of dollars)	Main Estimates 1996-97*	Main Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Gross Expenditures by Business Lines/Activities				
Micro-Economic Policy	75,964	77,072	72,820	43,912
Marketplace Rules and Services**	175,849	172,692	170,030	170,030
Industry Sector Development	618,588	599,403	548,050	470,622
Tourism***	54,351	52,487	50,587	14,587
Corporate and Management Services	103,555	95,708	87,864	86,292
Total Gross Expenditures	1,028,307	997,362	929,351	785,443
Less:				
Revenue credited to the Vote	60,598	73,895	75,476	75,476
Total Net Departmental Expenditures	967,709	923,467	853,875	709,967
Less:				
Revenue credited to the Consolidated Revenue Fund	243,002	305,096	325,446	278,491
Total Net Expenditures	724,707	618,371	528,429	431,476

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

** This includes funding for the Measurement Canada Special Operating Agency in the amount of \$27 million for 1996-97, and \$26 million, \$25 million and \$25 million in the ensuing three years.

*** Plan and Performance information for Tourism appears with Industry Sector Development in this document.

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FIGURE 18
Additional Financial Information
Revenues and Expenditures
Details of Revenues by Business Line/Activity

(thousands of dollars)	Actuals 1995-96*	Estimates 1996-97*	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Revenue Credited to the Vote by Business Lines/Activities					
Marketplace Rules and Services					
Bankruptcy and Insolvency Supervision	—	—	11,800	11,600	11,600
Intellectual Property Protection and Dissemination Revolving Fund	50,106	52,215	53,926	55,707	55,707
Spectrum Management	714	214	—	—	—
	50,820	52,429	65,726	67,307	67,307
Industry Sector Development					
Communications Research	6,919	8,169	8,169	8,169	8,169
Total Credited to the Vote	57,739	60,598	73,895	75,476	75,476
Revenue Credited to the Consolidated Revenue Fund (CRF) by Business Lines/Activities					
Marketplace Rules and Services					
Bankruptcy and Insolvency Supervision	17,167	12,200	400	400	400
Corporations Regulation	11,622	12,200	11,185	11,314	11,523
Measurement Regulation	9,564	7,300	6,800	6,800	6,800
Consumer Labelling and Advertising Regulation	155	180	150	150	150
Spectrum Management	141,213	141,707	149,154	150,154	150,154
Fines	6,129	1,040	3,040	3,040	3,040
	185,850	174,627	170,729	171,858	172,067
Industry Sector Development					
Refund on previous year's expenditures	75,182	41,100	110,120	133,770	89,524
Return on investment	11,908	7,000	5,312	4,161	3,607
Loan guarantee service fees	1,836	1,000	1,535	1,335	1,135
<i>Small Business Loans Act</i> service fees	18,742	18,275	17,400	14,322	12,158
	107,668	67,375	134,367	153,588	106,424
Corporate and Management Services					
Miscellaneous	14	1,000	—	—	—
Total Credited to the CRF	293,532	243,002	305,096	325,446	278,491
Total Program Revenues	351,271	303,600	378,991	400,922	353,967

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

SUPPLEMENTARY INFORMATION

FIGURE 19
Details of Transfer Payments by Business Line/Activity

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98
Grants by Business Line/Activity			
Micro-Economic Policy			
Grants under the Canada Scholarships Program	13,013	7,440	3,500
Grants under the Technology Partnerships Program	988	4,350	—
Grant to the International Human Frontier Science Program Organization	722	—	—
Grants under the Prime Minister's Awards for Teaching Excellence in Science, Technology and Mathematics	252	540	—
Grant to the Canada-Israel Industrial Research and Development Foundation	1,000	—	—
Sub-total	15,975	12,330	3,500
Marketplace Rules and Services			
Grants to various organizations working in the consumer interest	196	286	150
Grant to the Radio Advisory Board of Canada	47	45	45
Sub-total	243	331	195
Total Grants	16,218	12,661	3,695

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Details of Transfer Payments by Business Line/Activity (cont'd)

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98
Contributions by Business Line/Activity			
Micro-Economic Policy			
Contributions to organizations, associations, and individuals for projects to promote public education and awareness of science and technology	2,118	1,971	1,891
Contribution to the Canadian Institute for Advanced Research	3,361	3,500	3,500
Contributions under the Interim Youth and Learning Strategy	954	—	—
Contribution to the Internal Trade Secretariat	184	500	500
Contributions under the National Business Networks Demonstration Project	974	1,050	615
Contribution to the International Telecommunications Union, Geneva, Switzerland	7,057	6,808	6,808
Contributions under the Canada Community Investment Plan	—	1,200	2,100
Contribution to the Sudbury Neutrino Observatory	3,320	—	—
Contributions to non-profit organizations to promote economic cooperation and development	200	—	—
Sub-total	18,168	15,029	15,414
Marketplace Rules and Services			
Contributions to various organizations working in the consumer interest	804	681	850
Sub-total	804	681	850

SUPPLEMENTARY INFORMATION

Details of Transfer Payments by Business Line/Activity (cont'd)			
(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98
Industry Sector Development			
Contributions to Intelligent Manufacturing Systems	641	605	—
Contributions under the Technology for Environmental Solutions initiative	1,367	669	—
Contributions under the Defence Industry Productivity Program	85,893	65,700	—
Contribution to Bombardier/de Havilland	7,124	22,446	10,000
Contributions under Sector Campaigns	18,594	8,754	717
Contributions to Strategic Technologies	15,361	13,222	6,586
Contributions under the St. Lawrence River Environmental Technology Program	222	—	—
Contributions to the Canadian Network for the Advancement of Research, Industry and Education (CANARIE)	19,351	23,425	23,083
Contributions under the Microelectronics and Systems Development Program	715	—	—
Contributions under the Canadian Environmental Industry Strategy	—	2,825	1,450
Contributions under the Community Futures Program	5,001	11,010	11,010
Contribution to the Shoe Manufacturing Association of Canada	18	50	—
Contribution to the Telecommunications Executive Management Institute of Canada (TEMIC)	148	—	—
Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	—	10,000	10,000
Contributions under the Technology Outreach Program	12,611	10,557	7,728
Contributions under the Ontario Base Closures Program	318	3,200	3,800
Contributions under sub-agreements made pursuant to Economic and Regional Development Agreements/ General Development Agreements with provinces	6,905	9,252	239
Contributions under the Atlantic Enterprise Program	1,428	1,500	1,500
Contributions to Ontario cultural and convention centres	318	1,020	—
Contribution to the Palladium Corporation	600	—	—
Contributions under sub-agreements with the western provinces for the development of communications technologies	3,141	1,546	—
Contribution to the Communications Technology Research and Development Incentive Program	2,906	1,062	—
Contributions to Canadian organizations to advance their research activities in the area of workplace automation	1,139	—	—

INDUSTRY CANADA PLAN AND PERFORMANCE REPORT

Details of Transfer Payments by Business Line/Activity (cont'd)

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98
Industry Sector Development (cont'd)			
Contributions under the Canadian Patrol Frigate and Tribal Update and Modernization Projects	38	—	—
Contributions under the Aboriginal Business Canada Program	40,140	35,180	36,700
Contributions to a cooperative tourism marketing initiative in Northern Ontario	952	305	—
Contributions under the Northern Ontario Development Fund	4,550	436	15,825
Contributions to the Province of Ontario under the Canada Infrastructure Works Agreement	341,500	149,356	30,400
Contributions to support advanced industrial materials technologies	220	—	—
Contributions to support the shipbuilding industry on the West Coast	35	—	—
Contribution to the Bureau de promotion des industries du bois	290	—	—
Contribution to l'Association PHD en informatisation du travail/recherche	20	—	—
Liabilities under the <i>Small Business Loans Act</i>	24,134	44,000	47,000
Contributions under the Technology Partnerships Canada Program	—	—	196,000
Contribution to the Ottawa Heart Institute Research Corporation	—	—	2,500
Contributions under the Canada-Quebec Subsidiary Agreement on Industrial Development	58,518	56,669	41,542
Sub-total	654,198	472,789	446,080
Total Contributions	673,170	488,499	462,344
Total Grants and Contributions	689,388	501,160	466,039

SUPPLEMENTARY INFORMATION

FIGURE 20
Additional Financial Information
Revolving Funds by Business Line/Activity

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Business Lines/Activities					
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services*	539	1,073	4,373	5,660	5,660
Industry Sector Development	—	—	—	—	—
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Surplus (Deficit)	539	1,073	4,373	5,660	5,660

* Figures relate to the Canadian Intellectual Property Office Revolving Fund.

FIGURE 21
Additional Financial Information
Canadian Intellectual Property Office Statement of Operations
and Statement of Changes in Financial Position

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Statement of Operations					
Revenues	49,585	52,226	55,044	57,021	57,021
Total expenses	38,192	53,056	58,691	60,274	60,274
Surplus (Deficit)	11,393	(830)	(3,647)	(3,253)	(3,253)
Statement of Changes in Financial Position					
Net profit (loss)	11,393	(830)	(3,647)	(3,253)	(3,253)
Add: amortization	1,247	4,423	10,580	11,014	11,014
Loss on disposal of fixed assets	—	—	—	—	—
Changes in current assets and liabilities	(4,977)	1,289	(755)	(950)	(950)
Changes in other assets and liabilities	(248)	(200)	(363)	(364)	(364)
Change in employee termination benefits	475	133	128	144	144
Net Financial Resources Provided (Used) by Operating Activities	7,890	4,815	5,943	6,591	6,591
Investing activities:					
Fixed assets	(13,583)	(3,742)	(1,570)	(931)	(931)
Net Financial Resources (Used) by Investing Activities	(13,583)	(3,742)	(1,570)	(931)	(931)
Net financial resources provided (used) and change in the accumulated net charge against the Fund's authority account, during the year	(5,693)	1,073	4,373	5,660	5,660
Accumulated net charge against the Fund's authority account, beginning of year	18,437	12,744	13,817	18,190	23,850
Accumulated net charge against the Fund's authority account, end of year	12,744	13,817	18,190	23,850	29,510

SUPPLEMENTARY INFORMATION

FIGURE 22
Additional Financial Information
Presentation by Standard Object
APPROPRIATION

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Personnel					
Salaries and wages	268,612	180,787	181,289	181,140	177,962
Contributions to employee benefit plans	26,297	26,214	30,811	30,788	30,244
	294,909	207,001	212,100	211,928	208,206
Goods and Services					
Transportation and communications	32,934	44,181	37,502	32,993	23,309
Information	61,460	69,136	69,646	61,272	43,289
Professional and special services	137,118	90,156	115,183	94,265	66,597
Rentals	2,886	4,793	2,679	4,713	3,330
Purchased repairs and maintenance	8,012	7,763	10,715	11,783	8,325
Utilities, materials and supplies	18,953	20,024	21,430	21,210	14,985
Construction/acquisition of machinery and equipment	37,316	30,920	10,715	9,426	6,660
Other subsidies and payments	9,330	1,231	1,000	1,000	1,000
	308,009	268,204	268,870	236,662	167,495
Transfer Payments					
Voted	665,254	447,160	409,039	373,014	311,995
Statutory	24,134	54,000	57,000	56,900	46,900
	689,388	501,160	466,039	429,914	358,895
Gross Expenditures	1,292,306	976,365	947,009	878,504	734,596
Less:					
Revenues credited to the Vote	7,633	8,383	19,969	19,769	19,769
Net Budgetary Expenditures (Surplus)	1,284,673	967,982	927,040	858,735	714,827
Non-budgetary (Loans and Investment)	—	800	800	800	800
Total Net Expenditures	1,284,673	968,782	927,840	859,535	715,627

INDUSTRY CANADA PLAN AND PERFORMANCE REPORT

FIGURE 23
Additional Financial Information
Presentation by Standard Object
REVOLVING FUND

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Personnel					
Salaries and wages	24,919	27,028	26,640	27,461	27,461
Contributions to employee benefit plans	3,383	4,752	6,047	6,234	6,234
	28,302	31,780	32,687	33,695	33,695
Goods and Services					
Transportation and communications	928	1,368	1,382	1,391	1,391
Information	1,094	1,384	1,553	1,558	1,558
Professional and special services	9,930	6,923	7,740	7,437	7,437
Rentals	209	3,487	3,469	3,452	3,452
Purchased repairs and maintenance	906	688	745	728	728
Utilities, materials and supplies	979	1,770	1,410	1,225	1,225
Construction/acquisition of machinery and equipment	3,224	3,742	567	561	561
Other subsidies and payments	3,995	—	—	—	—
	21,265	19,362	16,866	16,352	16,352
Transfer Payments					
Voted	—	—	—	—	—
Statutory	—	—	—	—	—
Gross Expenditures	49,567	51,142	49,553	50,047	50,047
Less:					
Revenues credited to the Vote	50,106	52,215	53,926	55,707	55,707
Net Budgetary Expenditures (Surplus)	(539)	(1,073)	(4,373)	(5,660)	(5,660)

SUPPLEMENTARY INFORMATION

FIGURE 24
Assets
Summary of Loans and Investments by Business Line/Activity

(thousands of dollars)	Actuals 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
Business Lines/Activities					
Industry Sector Development	—	800	800	800	800
Total	—	800	800	800	800



Annex A

Acts under the Responsibility of the Minister of Industry

- *Agricultural and Rural Development Act*, R.S. 1985, c. A-3
- Bankruptcy and Insolvency Act*, R.S. 1985, c. B-3
- Bell Canada Act*, S.C. 1987, c. 19
- Boards of Trade Act*, R.S. 1985, c. B-6
- British Columbia Telephone Company Act*, S.C. 1916, c. 66 (private act)
- Business Development Bank of Canada Act*, S.C. 1995, c. 28
- Canada Business Corporations Act*, R.S. 1985, c. C-44
- Canada Co-operative Associations Act*, R.S. 1985, c. C-40
- Canada Corporations Act*, R.S. 1970, c. C-32
- Canadian Space Agency Act*, S.C. 1990, c. 13
- Companies' Creditors Arrangement Act*, R.S. 1985, c. C-36
- Competition Act*, R.S. 1985, c. C-34
- Competition Tribunal Act*, R.S. 1985, c. 19 (2nd Supp.), Part I
- Consumer Packaging and Labelling Act*, R.S. 1985, c. C-38
- Copyright Act*, R.S. 1985, c. C-42
- Department of Industry Act*, S.C. 1995, c. 1
- Electricity and Gas Inspection Act*, R.S. 1985, c. E-4
- Industrial Design Act*, R.S. 1985, c. I-9
- Integrated Circuit Topography Act*, S.C. 1990, c. 37
- Investment Canada Act*, R.S. 1985, c. 28 (1st Supp.)
- Lobbyists Registration Act*, R.S. 1985, c. 44 (4th Supp.)
- National Research Council Act*, R.S. 1985, c. N-15
- Natural Sciences and Engineering Research Council Act*, R.S. 1985, c. N-21
- Patent Act*, R.S. 1985, c. P-4
- Precious Metals Marking Act*, R.S. 1985, c. P-19
- Public Servants Inventions Act*, R.S. 1985, c. P-32
- Radiocommunication Act*, R.S. 1985, c. R-2
- Small Business Investment Grants Act*, S.C. 1980-81-82-83, c. 147
- Small Business Loans Act*, R.S. 1985, c. S-11
- Social Sciences and Humanities Research Council Act*, R.S. 1985, c. S-12
- *Special Areas Act*, R.S. 1985, c. S-14
- Standards Council of Canada Act*, R.S. 1985, c. S-16
- Statistics Act*, R.S. 1985, c. S-19
- Telecommunications Act*, S.C. 1993, c. 38
- Textile Labelling Act*, R.S. 1985, c. T-10
- Timber Marking Act*, R.S. 1985, c. T-11
- Trade-marks Act*, R.S. 1985, c. T-13
- Weights and Measures Act*, R.S. 1985, c. W-6
- Winding-up Act*, R.S. 1985, c. W-11 (Part I only)

* indicates that the legislation is inactive

Annex B

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Annex C

**FIGURE 25
Industry Canada
Business Line Crosswalk
1996-97 Main Estimates**

Previous Program Activity Structure	New Business Line/Activity Structure					
	Micro- Economic Policy	Market place Rules and Services	Industry Sector Devel- opment	Tourism	Corporate and Man- agement Services	Total
Industry and Science Development						
1. Micro-Economic Policy	60,510	—	—	—	—	60,510
2. Industry Sector Development	15,454	632	355,066	—	35,597	406,749
3. Tourism	—	—	—	54,351	—	54,351
4. Other operations	—	—	197,670	—	—	197,670
5. Corporate and Management Services	—	—	—	—	62,635	62,635
Services to the Marketplace						
1. Consumer Affairs	—	38,482	3,214	—	—	41,696
2. Competition Law and Policy	—	19,129	—	—	—	19,129
3. Bankruptcy and Corporations	—	16,564	—	—	—	16,564
4. Spectrum Management	—	49,686	9,089	—	—	58,775
5. Intellectual Property	—	(1,073)	—	—	—	(1,073)
6. Program and Advisory Services	—	—	45,380	—	5,323	50,703
Total	75,964	123,420	610,419	54,351	103,555	967,709

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Acronyms

ACST	Advisory Council on Science and Technology	FedNor	Federal Economic Development Initiative for Northern Ontario
APEC	Asia Pacific Economic Cooperation	GMPCS	Global Mobile Personal Communications System
BIT	Business Impact Test	IBD	International Business Development
BMIE	<i>Building and More Innovative Economy</i>	IBIN	International Business Information Network
CANARIE	Canadian Network for the Advancement of Research, Industry and Education	IBOC	International Business Opportunities Centre
CAP	Community Access Program	IRB	Industrial and Regional Benefits
CBCA	<i>Canada Business Corporations Act</i>	LCMS	local multipoint communications systems
CCIP	Canada Community Investment Plan	NCE	Networks of Centres of Excellence
CES	Canadian Environmental Solutions	NSTs	National Sector Teams
CGAT	Canada Genome Analysis and Technology	NTN	National Test Network
CIBS	Canada's International Business Strategy	OSB	Office of the Superintendent of Bankruptcy
CIPO	Canadian Intellectual Property Office	PCS	personal communications services
COBSC	Canada–Ontario Business Service Centre	PRAS	Planning, Reporting and Accountability Structure
COIW	Canada–Ontario Infrastructure Works	PRECARN	Pre-Competitive Advanced Research Network
COTS	Contracts Operations Tracking System	RTNs	Regional Trade Networks
CRC	Communications Research Centre	S&T	Science and Technology
CTC	Canadian Tourism Commission	SBLA	<i>Small Business Loans Act</i>
CTN	Canadian Technology Network	SCFs	Sector Competitive Frameworks
DBS	direct broadcasting satellite	SD	Sustainable Development
DTH	Direct-to-Home broadcasting	SMEs	small and medium-sized enterprises
EAB	Employee Advisory Board	SOA	Special Operating Agency