



Government of Canada Gouvernement du Canada

REPORT OF THE PRESIDENT OF THE TREASURY BOARD

Canada's Performance

The Government
of Canada's Contribution

A N N U A L R E P O R T T O P A R L I A M E N T

2006

Canada

About *Canada's Performance 2006*

This is the sixth Canada's Performance report tabled in Parliament by the President of the Treasury Board. *Canada's Performance 2006* tracks the federal government's contribution to Canada's performance as a nation in four key policy areas—economic affairs, social affairs, international affairs, and government affairs. The report provides a whole-of-government perspective from which to view the plans, results, and resources of individual federal departments and agencies as presented in their spring planning and fall performance reports.

How to get more information

The electronic version of this report includes many links to additional information discussed in this report, as well as to information on the plans and performance of federal departments and agencies. If you would like further information or would like to make comments or suggestions regarding *Canada's Performance 2006*, please contact:

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This document is also available in alternative formats on request.



President's Message



Accountability is the foundation on which Canada's system of responsible government rests. It is key to assuring Parliament—and, through it, all Canadians—that the Government of Canada is using public resources efficiently and effectively. It ensures that the government is answerable for its actions.

Each year, federal departments submit performance reports, summarizing their results in meeting the objectives outlined in departmental reports on plans and priorities. These documents help strengthen accountability to Parliament by establishing a clear link between commitments and the progress made in delivering on them.

Canada's Performance constitutes an important companion piece to departmental performance reports. It provides a high-level overview for parliamentarians and helps them gain better access to additional information and updates on departments' and agencies' achievements. It also includes directions set by Canada's new government in the latest budget and Speech from the Throne.

Canada's Performance tracks the federal government's contribution to this country's progress as a nation, identifying both strengths and areas for improvement. In general, the results in this year's report confirm that Canada is a great country in which to live, but we can always do better and we will.

To better meet Canadians' expectations for openness and clear results on priorities that matter most to them, Canada's new government will ensure accountability is a key part of our efforts to improve Canada's performance in the future.

John Baird
President of the Treasury Board



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About This Report

Canada's Performance 2006 is the sixth annual report to Parliament on the federal government's contribution to Canada's performance as a nation, highlighting both strengths and areas for improvement. As a companion piece to the 2005–06 departmental performance reports (DPRs), the report provides an overview of how the performance of individual departments and agencies contributes to broader, government-wide outcomes in the following key policy areas: economic affairs, social affairs, international affairs, and government affairs (federal organizations that support all departments and agencies).

The electronic version of the report is a road map to individual departmental reports and assists parliamentarians and Canadians in navigating through them and finding the information they need.

How to use the report

A useful source of information for Canadians to find out more on the Government of Canada, this report is also intended to support parliamentarians and their staff as they review the 2005–06 departmental performance reports. While departmental performance reports cover the most recently completed fiscal year, which ended in March 2006, *Canada's Performance 2006* includes information beyond that period and highlights the government's most recent priorities and commitments throughout the report.

Serving as a guide to 88 departmental performance reports, *Canada's Performance 2006* adopts the same structure as those reporting documents. In other words, this report maps

Interested in finding out more about the government's priorities?

The government is committed to delivering on its five key priorities as presented in the 2006 Speech from the Throne and the Budget.

If you are interested in further details about the government's plans in those priority areas, see the following sections in this report:

- lowering taxes for working Canadians ("Strong Economic Growth");
- delivering health care Canadians need, when they need it ("Healthy Canadians");
- protecting Canadian families and communities ("Safe and Secure Communities");
- supporting the child care choices of parents ("A Diverse Society that Promotes Linguistic Duality and Social Inclusion"); and
- making government more accountable ("Government Affairs").

the contributions of federal organizations by grouping the departmental strategic outcomes¹ used in DPRs into outcome areas.

An analysis of the 88 DPRs reveals that a number of departments and agencies are working towards achieving integrated and consistent results in 13 outcome areas that can be summarized as follows:

Economic Affairs

- ▶ income security and employment for Canadians;
- ▶ strong economic growth;
- ▶ an innovative and knowledge-based economy;
- ▶ a clean and healthy environment; and
- ▶ a fair and secure marketplace

Social Affairs

- ▶ healthy Canadians;
- ▶ safe and secure communities;
- ▶ a diverse society that promotes linguistic duality and social inclusion; and
- ▶ a vibrant Canadian culture and heritage

International Affairs

- ▶ a safe and secure world through international cooperation;
- ▶ global poverty reduction through sustainable development;

- ▶ a strong and mutually beneficial North American partnership; and
- ▶ a prosperous Canada through global commerce

Government Affairs

Figure 1.1 shows how to use this document. The reader can identify a broad policy area of interest (for example, Economic Affairs—shown on the left-hand side of the figure) and explore an area of more direct interest (e.g. the federal government’s role in “strong economic growth” or the government’s most current commitments in that particular area). The reader can then determine how many departments, agencies, and/or Crown corporations have strategic outcomes and program activities² included in that outcome area (e.g. 24 federal organizations contribute to “strong economic growth” through their 30 departmental, agency, or Crown corporation strategic outcomes).

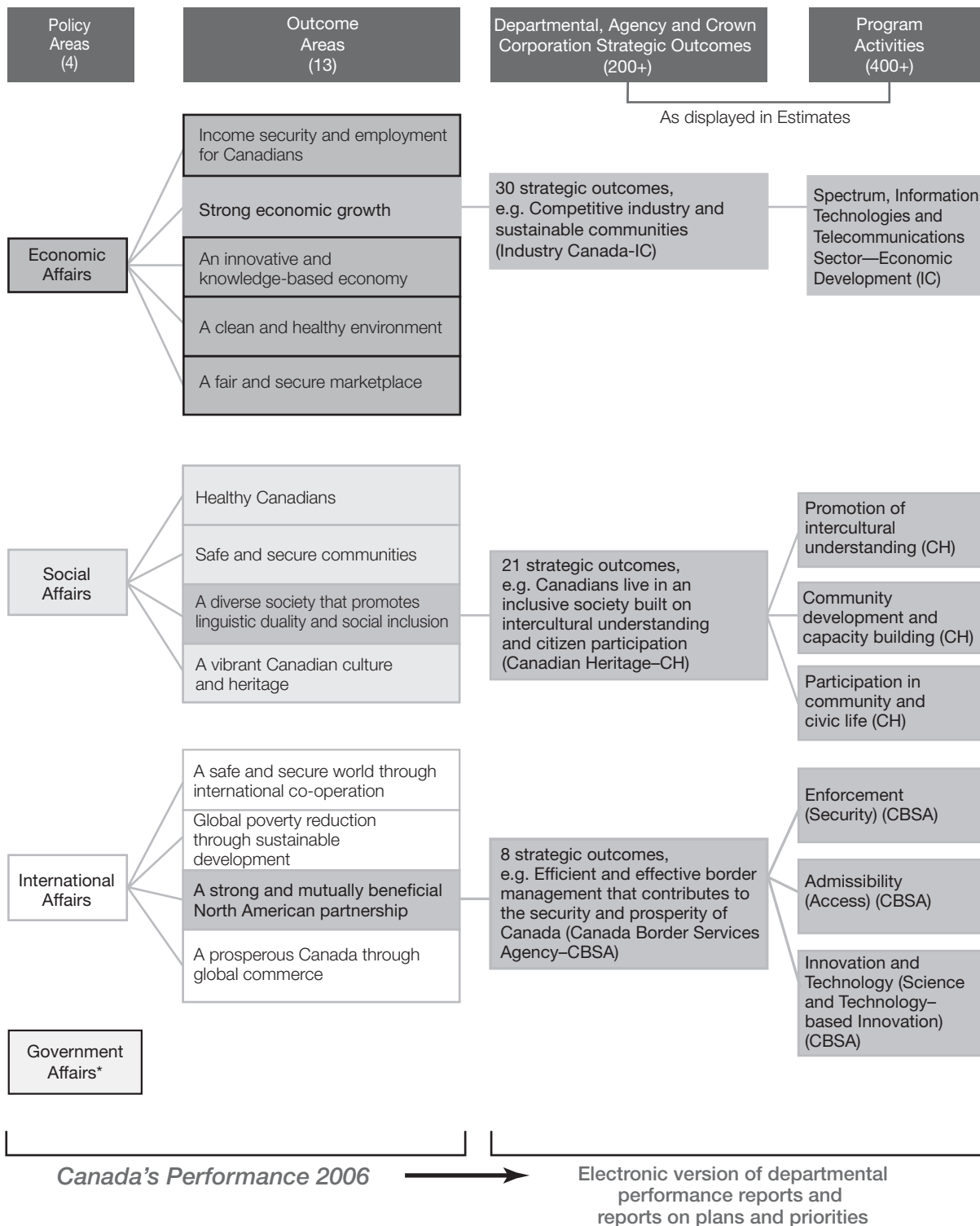
Using the same example, Industry Canada’s program activity “Spectrum, Information Technologies and Telecommunications Sector—Economic Development” contributes to the achievement of Industry Canada’s strategic outcome “a competitive industry and sustainable communities,” which in turn contributes to the “strong economic growth” outcome area.

¹ A strategic outcome is a long-term and enduring benefit to Canadians that stems from a department’s or agency’s mandate, vision, and efforts. It represents the difference a department or agency wants to make for Canadians.

² A program activity is the highest-level program in a federal department’s or agency’s program structure. In these structures—called “program activity architectures”—program activities, subactivities, and sub-subactivities are depicted in their logical relationship to each other and to the Strategic Outcome(s) to which they contribute.



Figure 1.1
Structure of the Report



*Federal organizations that support all departments and agencies through the provision of government services (e.g. the Treasury Board of Canada Secretariat, the Public Service Commission of Canada, Public Works and Government Services Canada).

Canada's federal and provincial governments' roles and responsibilities

The Constitution assigns a range of exclusive legislative powers to the federal and provincial orders of government and also explicitly provides for joint federal and provincial jurisdiction over certain areas. In practice, however, both the multi-faceted nature of many policy issues and the emergence of entirely new areas of public policy since the 1860s have resulted in pragmatic arrangements among the different orders of government.

The current roles and responsibilities of federal, provincial, and territorial governments are depicted in the figure below.

Current roles and responsibilities in Canada

	Federal	Provincial
Money and banking	✓	
International and interprovincial trade	✓	
Airlines and railways	✓	
Telecommunications and broadcasting	✓	
Foreign affairs/international assistance	✓	
Defence and veterans' affairs	✓	
Border security	✓	
Employment insurance	✓	
Criminal law	✓	
Fiscal equalization	✓	
Indirect taxation	✓	
Direct taxation	✓	✓
Pensions and income support	✓	✓
Aboriginal peoples	✓	✓
Immigration	✓	✓
Agriculture	✓	✓
Industry	✓	✓
Environment	✓	✓
Policing	✓	✓
Transportation infrastructure	✓	✓
Housing	✓	✓
Post-secondary education, training, and research	✓	✓
Public health	✓	✓
Primary and secondary education		✓
Health care		✓
Municipal institutions		✓
Social assistance and social services		✓
Natural resources		✓
Administration of justice		✓

The Government of Canada is working towards a renewed relationship with provincial and territorial governments, based on collaboration, in order to restore fiscal balance and support the provision of quality services to Canadians. As indicated in Budget 2006, the Government of Canada is committed to the principle of enhancing the accountability of governments through clarification of their respective roles and responsibilities. Among other things, it is taking action to refocus federal efforts toward the reforms and funding that are required to meet long-standing needs in core areas of federal responsibility and providing financial support for shared priorities through transfers to provinces and territories.

Source: Restoring Fiscal Balance in Canada, Budget 2006



Electronic version of the report

The electronic version of this report links to department and agency planning and performance reports, as well as to the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. Figure 1.1 illustrates how a reader can drill down to more details in the online version of this document. In the electronic version, by clicking on e.g. the outcome area “strong economic growth,” the reader can obtain further departmental and agency explanations on strategic outcomes, expected results, performance measures, and resources, as found in relevant departmental performance reports.

The electronic version also links to important databases on government audits and evaluations and detailed program and expenditure information for the federal program suite for Aboriginal peoples. Hyperlinks provide additional information on various publications, policies, and websites relevant to each policy area.

In addition, three supplementary annexes are available online: a glossary and two annexes containing additional information on indicators.

Readers are encouraged to consult the electronic version of the report (available at www.tbs-sct.gc.ca/report/govrev/06/cp-rc_e.asp) to access the online annexes and the relevant hyperlinks throughout the report.

In the print version of the report, each hyperlink is illustrated by the mouse symbol (☞).

The role of Crown corporations (Receiving Budgetary Appropriations)

Although Crown corporations do not table departmental performance reports, they do play an integral role in Canada's economic, social, and international affairs. These publicly owned corporations serve a number of significant functions in the Canadian economy and are often responsible for the provision of essential services to Canadians.

Twenty-five Crown corporations ☞ received financial assistance through budgetary appropriations from the Government of Canada in 2005–06. These Crown corporations contribute to Canada's progress within many outcome areas described in this report. Furthermore, revenues earned by these Crown corporations provide additional benefits to Canadians in areas such as housing, transportation, heritage, communication, aviation security, and international trade.

For further information, this document provides hyperlinks to the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* ☞. Tabled in Parliament annually by the President of the Treasury Board, the report highlights the businesses and activities of parent Crown corporations and provides information on all Crown corporations and other corporate interests of Canada.

Source: Treasury Board of Canada Secretariat, 2006

Information on Canada’s current socio-economic trends

If you are interested in Canada’s performance as a nation in three key federal policy areas, this report includes 30 societal indicators to provide an assessment of quality of life in Canada and a context for federal government performance.

The societal indicators are drawn from recognized data sources—e.g. the Census of Canada, general social surveys conducted by Statistics Canada, public opinion polls and reports from the Organisation for Economic Co-operation and Development (OECD), the World Health Organization (WHO), and the World Economic Forum. A number of indicators have not been updated for 2006 either because they are based on one-time surveys or surveys that are not repeated

annually or because data were not available in time for inclusion in this report. While not every indicator is updated annually due to different reporting cycles, the most recent trend data available are always included.

A legend of the symbols used can be found below.

Legend

- ▲ Improving performance
- No definitive trend noted at this time (due to either a lack of trend data, relatively stable performance and trends, or multiple measures with opposing trends)
- ▼ Declining performance
- † New indicator



1

Economic Affairs

Context

A central role of government is to foster an environment where citizens can prosper, and creating a strong and competitive climate is fundamental to achieving this objective. Productivity is a key driver of the long-term progress of Canadians' standard of living and real incomes. Experience and education, innovation and know-how, a competitive marketplace and tax system, efficient allocation of resources, and strengthened fiscal arrangements and policies—these are all important factors affecting the productivity of the Canadian economy.

The Canadian economy is one of the strongest and healthiest among the seven leading industrial countries of the G-7, which consists of the United States, the United Kingdom, France, Germany, Italy, Canada, and Japan. In 2005, the Canadian economy created 254,700 new full-time jobs and 2006 got off to a good start with a total of 101,500 new positions created in the first quarter. With strong job creation, the unemployment rate fell to 6.3 per cent in March 2006—the lowest level since December 1974 (Budget 2006). Additionally, for 2005, real gross domestic product (GDP) increased 2.9 per cent, slightly below 2004 growth of 3.3 per cent (Statistics Canada, 2006). After growing an average of only 0.3 per cent in 2003 and 2004, productivity growth rebounded in 2005, growing at a rate similar to the 2.1 per cent recorded over the 1997–2002 period (Budget 2006).

Canada's economic performance has remained strong in spite of major ongoing structural changes to the economy. Increased inter-regional labour mobility, restructuring within the resource and manufacturing sectors, and the rise of the service sector have significantly changed the composition of

Did you know?

The Government of Canada's net debt was reduced by \$13.2 billion in 2005–06, one of the largest debt reductions in Canadian history.

Source: Department of Finance Canada, 2006

employment over the past two decades and, hence, the drivers of the Canadian economy. High commodity prices, particularly energy prices, and the appreciation of the Canadian dollar since 2003 have also spurred significant economic adjustments over the past three years (OECD, *Economic Summary of Canada 2006*). To date, the economy has shown resilience in its ability to cope with the ongoing changes. However, Canada must not lose sight of the additional challenges that lie ahead. An expected slowdown in the rate of growth of the working age population, coupled with the fiscal pressures created from an aging population, will require a boost in productivity growth in order to maintain the high living standards that Canadians have come to enjoy.

Maintaining and building a flexible and productive economy is an enduring priority for the Government of Canada, which encourages continued prosperity by creating favourable conditions for growth through the establishment of a fair, efficient, and competitive marketplace and by forging solid links between a robust economy and a sound fiscal framework. A competitive and efficient economic union will also require that the federal government collaborate with its provincial and territorial counterparts to address the economic and fiscal challenges that arise from regional variations in needs and priorities.

This section tracks the Government of Canada's contribution to five outcome areas related to economic affairs:

1. income security and employment for Canadians;
2. strong economic growth;
3. an innovative and knowledge-based economy;
4. a clean and healthy environment; and
5. a fair and secure marketplace.



Key risks and challenges that impact Canada's economy

An assessment of economic performance must often be coupled with an analysis of the risks and challenges that have influenced, and continue to influence, the state of economic affairs. The following section provides a summary of some of the key risks and challenges to the Canadian economic outlook.

External Economic Forces

- As a large consumer and producer of energy, Canada is affected by changes in world prices of energy. Higher prices for oil and natural gas translate directly into reduced purchasing power of consumers both domestically and abroad, reducing growth in consumer spending and exports. Higher energy prices also boost the value of the Canadian dollar, which can dampen growth in manufacturing and export-oriented industries.
- A second concern is the large and persistent U.S. budgetary and current account deficit, which essentially could cause depreciation of the American dollar against all currencies (including the Canadian dollar). This would have implications for Canadian manufacturers and other export-oriented industries.

Investing in Research and Development

- Innovation through, and commercialization of, new knowledge has become a main source of competitive advantage in all sectors of economic activity and is closely associated with increased exports, productivity growth, and the creation of new firms. A weak innovation record is one of the greatest risks to the future prosperity of Canada.

Skills Shortages

- The difficulty Canadian employers have in finding skilled tradespeople is becoming an impediment to economic growth. This situation is expected to continue over the coming years and is occurring at a time when many industries reliant on skilled trades workers are experiencing significant growth.
- Despite significant investments, pressure remains to develop a responsive immigration system that allows Canada to attract highly skilled and talented newcomers, while ensuring individuals who are not admissible to the country are promptly removed.

A Demographic Challenge

- In 2005, 4.2 million Canadians were 65 years of age or older. Their numbers are expected to reach 6.4 million in 2020—nearly one in five Canadians—making them the fastest-growing demographic sector in Canada (Statistics Canada, 2006). In addition, given that the baby boomers are aging and fewer young people are entering the workforce, the potential exists for shortages in several occupations, primarily those in the fields of medicine, education, the trades, and administration.

Influenza Pandemic—Bird Flu



- Worldwide concern is mounting as widespread outbreaks of the H5N1 virus in birds have been associated with approximately 200 human cases and more than 100 deaths in Asia. While there is currently no indication that H5N1 is becoming transmissible, a pandemic at some future date could have severe economic consequences (Budget 2006).

Income Security and Employment for Canadians

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of income security and

employment for Canadians. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
▲	Employment 	The average employment rate (for persons 15 and over) increased from 58.3% in 1996 to 62.7% in 2005. The highest employment rates can be found in the three Prairie provinces and Ontario. The Atlantic provinces and Quebec continue to have higher unemployment rates than the Canadian average. Nonetheless, since December 2004, the unemployment rate has fallen in the majority of provinces.
▲	Income security 	<p>After declining in the first half of the 1990s, real disposable income (RDI) per capita has increased at an average rate of 1.8% per year since 1997, reflecting strong employment growth and cuts in personal taxes. In 2005, RDI per capita rose 1.5% from the 2004 level.</p> <p>According to the latest data available, the percentage of Canadians living below the low income cut-offs decreased from 15.7% in 1996 to 11.2% in 2004, based on their after-tax income.</p>

The Government of Canada's contribution to income security and employment for Canadians

An important element of quality of life is the ability to adequately support oneself financially. Budget 2006 addressed this issue through measures that reduce the tax burden and improve the financial situation of seniors, students, and families.

The Government of Canada is also committed to making strategic investments in building an educated and skilled labour force. The difficulty Canadian employers have in

finding skilled tradespeople is becoming an impediment to economic growth. This situation is expected to continue over the coming years and is occurring at a time when many industries reliant on skilled trades workers are experiencing significant growth. Meanwhile, many Canadians find themselves in low-paying positions and either are not encouraged to consider the trades or are unable to do so because of financial barriers. Budget 2006 highlighted Canada's new government's plan to encourage Canadians to pursue opportunities in skilled trades and hence meet the future need for skilled tradespeople that is crucial to the sustained



growth of the economy. To encourage employers to hire new apprentices, **Budget 2006** introduced the Apprenticeship Job Creation Tax Credit, which provides eligible employers with a tax credit equal to 10 per cent of the wages paid to a qualifying apprentice in the first two years of his or her contract, to a maximum credit of \$2,000 per apprentice per year. In addition, Budget 2006 also established the new Apprenticeship Incentive Grant Program that will provide a cash grant of \$1,000 per year to apprentices in the first two years of an apprenticeship program, starting in 2007. Expenses incurred by tradespeople for the cost of tools in excess of \$1,000 that they must acquire for work will also be recognized, in addition to general recognition of their employment expenses through the new \$1,000 Canada Employment Credit.

Enhancing the potential for Aboriginal peoples and communities to take advantage of economic opportunities is essential to securing their place in Canada's economy. Two major economic challenges faced by Aboriginal communities are business and market development, and fostering sustainable economic development. Aboriginal communities have relied heavily on natural resources harvesting to provide economic development opportunities. Communities often face many challenges, however, in translating these resources into economic opportunities. Sustainable economic opportunities provide long-term employment and stable sources of revenue, which, in turn, are critical to improving the quality of life for Aboriginal peoples.

The federal programming suite supports economic development opportunities for Aboriginal peoples along several streams. For example, skills development for increased participation in existing and emerging

economic opportunities is supported through the Aboriginal Skills and Employment Partnership (ASEP) program. The Government of Canada also supports development in resource industries and capacity building within First Nations, Métis, and Inuit communities to enable participation in community economic development projects. Depending on the community, support may involve employment, business development, development of land and resources under community control, or accessing opportunities from land and resources beyond community control, and developing effective regulatory regimes. The **Aboriginal Fisheries Strategy**, the **First Nations Forestry Program**, the *First Nations Oil and Gas and Moneys Management Act*, and the *First Nations Commercial and Industrial Development Act* are examples of resource development programs and initiatives.

Liaising with provincial and territorial governments and professional associations towards the establishment of a Canadian agency for the assessment and recognition of foreign credentials will be an immediate

Did you know?

In 2005, 99,146 temporary foreign workers were admitted to Canada to fill short-term labour market needs in certain sectors of the economy such as agriculture, and oil and gas.

In addition, in 2005, Canada admitted 156,310 new permanent residents as part of the economic class of immigrants, which includes skilled workers, business immigrants, provincial nominees, and live-in caregivers, as well as members of their immediate families.

Source: Citizenship and Immigration Canada, 2006

priority of the Government of Canada. The Government of Canada plans to invest \$18 million in a Canadian agency for the assessment and recognition of **foreign credentials** [↗] over 2006–07 and 2007–08.

The government is also working to address the challenges associated with the mobility of skilled labour between provinces. The recognition of professional qualifications nationwide will be an important step in creating employment opportunities for Canadians and addressing labour shortages in several regions across the country. Budget 2006 also supports the creation of new jobs and investment by reducing taxes for small businesses and large corporations.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to income security and employment for Canadians through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
Income Security and Employment for Canadians [↗]	Canada Industrial Relations Board Canada Revenue Agency Canadian Artists and Producers Professional Relations Tribunal Human Resources and Social Development Canada Indian and Northern Affairs Canada Office of the Superintendent of Financial Institutions Status of Women Canada Veterans Affairs Canada







Strong Economic Growth

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of strong economic

growth. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
▲	Real gross domestic product (GDP) 	<p>Real GDP increased by 2.9% in 2005, slightly below 2004 growth of 3.3 %. Within the G-7, Canada had the second-fastest growth in real GDP in 2005, second to the United States.</p> <p>In 2005, four provinces and territories recorded real GDP growth that was above the national average, all of them in western Canada. Newfoundland and Labrador was the only province where real GDP growth was noticeably below the national average.</p>
—	Cost-competitiveness 	<p>In January 2006, Canada's performance in cost-competitiveness had shown improvements in relation to the G7 countries. Canada leads the G7 in terms of low business costs, with a cost advantage of 5.5% over the United States. However this number has declined from 9.0% in 2004, primarily due to strong appreciation in value of the Canadian dollar relative to the U.S. dollar over the last two years.</p>
—	Natural resources sustainability 	<p>Among the 95 commercial fish stocks assessed between 2003 and 2006, 20 stocks were healthy and increasing; 28 were healthy and stable; and 47 were declining or depleted. The percentage of assessed stocks that are healthy as compared with those that are declining or depleted has decreased approximately 6% since the 2001–03 period.</p>
▲	Green economic practices 	<p>ISO 14001 is an international environmental management standard. The number of Canadian firms with ISO 14001 certification increased from 100 in 1999 to 1,636 in 2005.</p>



Regional
economic
growth

The Government of Canada's contribution to strong economic growth

By making the right investments and fostering favourable conditions for growth, the government can encourage continued prosperity through the creation of new opportunities for all Canadians. Canada's new government reduced the Goods and Services Tax (GST) by 1 percentage point, from 7 per cent to 6 per cent, and has implemented additional tax relief measures and investments that will create jobs and boost Canada's economy by improving incentives to work, save, and invest. The government alleviated the burden on taxpayers by also introducing the **Canada Employment Credit** for working individuals and by increasing the basic personal amount that Canadians can earn without paying federal income tax. Furthermore, a reduction in the Right of Permanent Residence Fee from its current level of \$975 to \$490 provides an immediate benefit to newcomers as they begin establishing themselves in Canadian society.

Did you know?

Agriculture and Agri-Food Canada is working with governments, producers, and other stakeholders to develop the next generation of policy to support a competitive and prosperous sector. To achieve this, federal, provincial, and territorial governments have committed to consulting with Canadians throughout the agriculture and agri-food value chain—from the farm to the marketplace—on a framework that supports future success.

Source: Agriculture and Agri-Food Canada, 2006

Did you know?

Ten provinces and territories have the authority to select immigrants who match the specific economic and demographic needs of their communities under Provincial Nominee agreements negotiated with the Government of Canada. These immigrants bring much-needed skills and start businesses in these communities. In 2005, 8,047 immigrants were admitted as provincial nominees. The Government of Quebec has full authority to select all economic immigrants destined for that province under the terms of the Canada–Quebec Accord signed in 1991.

Source: Provincial Nominees from *Facts and Figures 2005*, Citizenship and Immigration Canada, 2006

In addition, internationally competitive business taxes are essential for Canada to encourage investment, create jobs, and ultimately improve the living standards of Canadians. Budget 2006 reduces corporate taxes to improve Canada's international tax competitiveness, including a reduction in the general corporate income tax rate and the elimination of the corporate surtax and the federal capital tax. It also reduced the tax rate applying to small business income and increased the amount of income eligible for that rate.

Strong economic growth also includes strong economic development in all regions and sectoral competitiveness. The government recognizes that regional development policies are important components of a comprehensive strategy to help the regions of Canada exploit the opportunities in a global economy. An integral role of the federal government is to capitalize on regional strengths using a balanced approach in order to secure a higher standard of living and a better quality of life for all Canadians.



Did you know?

Canada's energy, forestry, and minerals and metals sectors account for:

- one million well-paying, highly skilled jobs for Canadians;
- 13 per cent of Canada's GDP;
- 40 per cent of Canada's total exports;
- 33 per cent of the Standard and Poor's/TSX Composite Index;
- higher average productivity growth than other industries; and
- highest employment of Canada's Aboriginal peoples.

Source: Natural Resources Canada, 2006

Collaborating with provincial and territorial governments will be key to ensuring that federal programs complement the efforts of all regions in areas of provincial and territorial responsibility.

Canada's traditional industries, such as forestry and agriculture, have long been anchors of the nation's economy. Natural resources-based industries provide jobs to hundreds of thousands of Canadians and support hundreds of communities across the country. **Budget 2006** [Ⓜ] highlighted significant plans to support competitiveness in the primary industries through investments, including an additional \$2 billion over 2006–07 and 2007–08 towards securing a more prosperous future for the farming sector.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to strong economic growth through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
Strong Economic Growth 	Agriculture and Agri-Food Canada Atlantic Canada Opportunities Agency Atomic Energy of Canada Limited Canada Mortgage and Housing Corporation Canadian Environmental Assessment Agency Canadian Food Inspection Agency Canadian Tourism Commission Cape Breton Development Corporation Citizenship and Immigration Canada Department of Finance Canada Economic Development Agency of Canada for the Regions of Quebec Enterprise Cape Breton Corporation Fisheries and Oceans Canada Indian and Northern Affairs Canada Industry Canada Infrastructure Canada Jacques Cartier and Champlain Bridges Inc. (Transport Canada) Marine Atlantic Inc. (Transport Canada) National Energy Board National Round Table on the Environment and the Economy Natural Resources Canada Northern Pipeline Agency Canada Parks Canada Standards Council of Canada Transport Canada VIA Rail Canada Inc. (Transport Canada) Western Economic Diversification Canada






An Innovative and Knowledge-based Economy

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of an innovative and

knowledge-based economy. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
▼	Innovation 	Canada's performance in innovation is slightly declining. Canada's gross domestic expenditure on research and development (GERD) as a percentage of GDP has decreased continuously from 2.09% in 2001 to 1.96% in 2004. Over this time, the government has continued to increase its investments in research and development. In terms of other measures of innovation, such as Canada's world share in triadic patent families, and science and engineering article outputs, Canada is behind the U.S. and other G-7 countries.
▲	Educational attainment 	In the last decade, the proportion of Canadians with a college or university degree increased. In 2001, 61.0% of all Canadians aged 25 to 34 had at least some education beyond high school. This is a marked increase over a decade earlier when only 49.0% of people in that age category had any post-secondary education.
—	Literacy 	The 2003 data from the <i>Adult Literacy and Life Skills Survey</i> indicate that the average literacy score for Canadians has not changed significantly since 1994.

The Government of Canada's contribution to an innovative and knowledge-based economy

To build a globally competitive economy, the Government of Canada is dedicated to pursuing a strategy that invests in skilled knowledge workers, cutting-edge research, science, and innovation. For Canada to live up to its innovation potential, it must continue to support the creation of knowledge and the transfer to the private sector of scientific and technological advances

made possible by university and government research. While progress has been made in building a well-educated and innovative workforce within Canada, the government must continue to invest in learning and training opportunities in order to keep pace with technological change.

The people of Canada are a source of economic strength and therefore the Government of Canada is committed to supporting the development of the nation's human capital, beginning with a focus on



Gross domestic expenditures

Research and development

improving accessibility to post-secondary education, enriching and diversifying the labour pool through permanent and temporary immigration, and upholding funding of innovation, technology, and research through granting councils.



Triadic
patent
families

Budget 2006 announced important initiatives contributing to an innovative and knowledge-based economy. In particular, the government has proposed to increase support for university-based research through the use of national granting councils and the **Indirect Costs program** ¹⁰. Additionally, the government made a one-time investment of \$1 billion in the **Post-Secondary Education Infrastructure Trust** ¹⁰ to help provinces and territories support critical and urgent investments to promote innovation and accessibility (the investment was contingent on sufficient funds from the 2005–06 surplus in excess of \$2 billion). The additional funding is intended to enhance universities' and colleges' infrastructure and equipment, and to improve related institutional services.



Educational
attainment

To ensure that post-secondary students have access to the financial support they need, Budget 2006 announced plans to provide an additional \$15 million to the **Canada Student Loans Program** ¹⁰ in 2007–08, and \$20 million per year thereafter to expand eligibility through a reduction in the parental contribution expected from middle-income families. It also introduced a new textbook tax credit and exempted all post-secondary scholarships and bursaries from income tax.

Furthermore, an emphasis on education and lifelong learning is particularly important in addressing the socio-economic disparities that exist between Aboriginal peoples and other Canadians. Studies have shown that education is the single greatest contributor to closing the gap between **Aboriginal peoples and non-Aboriginal people** ¹⁰ (Indian and Northern

Did you know?

National Defence, through **Defence Research and Development Canada** ¹⁰ (DRDC), plays a role in the Canadian economy. First, as a significant player in Canadian research and development, and as a well-recognized source of world-class expertise on an international scale, DRDC contributes to the advancement of knowledge and the promotion of innovation. Second, DRDC provides direct economic benefits through the development of new products and intellectual property and the capacity to leverage the resources of national and international partnerships.

Source: National Defence, 2006

Affairs Canada, 2006). Participation in the full spectrum of lifelong learning facilitates the ability of Aboriginal peoples to develop the knowledge and skills to reinforce and strengthen their Aboriginal identity, fully participate in the Canadian economy, and enjoy quality of life outcomes comparable to those of other Canadians. The federal government provides support to Aboriginal learners in accessing post-secondary education. For instance, Indian and Northern Affairs Canada provides extensive programming in the area of post-secondary education for Inuit and Status Indian students living on and off reserve. In addition,

Did you know?

In 2004–05, Indian and Northern Affairs Canada funded over 23,000 Registered Indians and Inuit attending post-secondary institutions. In the same year, over 3,900 funded students graduated from post-secondary institutions.

Source: Indian and Northern Affairs Canada, 2006



Canadian Heritage provides endowments to the **National Aboriginal Achievement Foundation** [↗] to offer post-secondary scholarships to all Aboriginal students, including Métis and Aboriginal students living in urban centres.

In Budget 2006, the government announced its commitment to creating the conditions that are necessary to influence significant, long-term change for Aboriginal communities, particularly for Aboriginal women, children, and families. The government will accept the targets agreed upon at the recent meeting with First Ministers and national Aboriginal leaders and work with First Ministers and national Aboriginal leaders on achieving these targets.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to an innovative and knowledge-based economy through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.





Outcome Area	Federal Organizations
An Innovative and Knowledge-based Economy [↗]	Agriculture and Agri-Food Canada Atomic Energy of Canada Limited Canadian Grain Commission Canadian Institutes of Health Research Canadian Polar Commission Canadian Space Agency Cape Breton Development Corporation Economic Development Agency of Canada for the Regions of Quebec Fisheries and Oceans Canada Human Resources and Social Development Canada Industry Canada National Defence National Research Council Canada Natural Sciences and Engineering Research Council of Canada Social Sciences and Humanities Research Council of Canada Western Economic Diversification Canada

A Clean and Healthy Environment

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a clean and healthy

environment. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
▼	Air quality 	At the national level, the population-weighted, warm-season average of ground-level ozone increased 16% from 1990 to 2003. Ground-level ozone is a key component of smog and one of the most harmful air pollutants to which people are exposed. Ozone is an important indicator of air quality, as there are currently no established thresholds below which it does not pose a risk to human health.*
—	Water use 	In 2001, average residential water use per person was 335.0 L per day—an increase of 8.0 L from the lowest rate in 1996, though an improvement over the previous survey results from 1999.
▼	Biodiversity 	As of May 2006, the status of 163 species previously determined to be at risk had been reassessed. Of these, the status of 48 species worsened (29.4%), whereas 27 species (16.6%) were determined to be no longer at risk or placed in a lower risk category.
▼	Greenhouse gas emissions 	Canadian greenhouse gas emissions increased by 0.6% between 2003 and 2004 and by 26.6% since 1990. The increase in emissions was spurred by economic growth of 47.8% between 1990 and 2004 but was mitigated by an increase in the level of energy efficiency in Canada of 13.6% during that time frame.

**Note: The air quality indicator measures were revised in Canada's Performance 2006 to coincide with the way in which the Government of Canada has measured air quality since December 2005. These measures now reflect trends in Canadians' exposure to ground-level ozone (a key component of smog) rather than average concentrations of air pollutants. They provide a standard for tracking air quality and will serve as an annual measuring stick with which the government and the public can track progress in achieving cleaner air. As other measures of air quality become available, they will be included in future Canada's Performance reports.*



The Government of Canada's contribution to a clean and healthy environment

Alongside economic priorities, there is the recognition that the quality of Canada's environment is central to the long-term quality of Canada's communities and their prosperity. Canada's lands, waters, and wildlife provide the foundation for the country's health and economy and are important to the quality of life of all Canadians. Healthy ecosystems support an abundance of plants, wildlife, and other organisms and perform essential functions that provide a vast array of life-supporting services, such as maintaining the earth's climate, cleaning air and water, maintaining nutrient cycles, facilitating crop pollination, and helping to control floods and pest infestation.

Human health is dependent on the natural functions of a healthy environment, such as providing clean air to breathe and clean water

Did you know?

Environment Canada is open for business 24 hours a day, 365 days a year from coast to coast to coast and around the world. Every year Environment Canada:

- issues more than 1.5 million public weather forecasts;
- responds to 33 million telephone calls and handles 6 billion Internet hits seeking meteorological and environmental information;
- conducts 10,000 inspections under Canada's environmental laws;
- manages 13 million hectares of wildlife habitat;
- publishes over 500 scientific articles; and
- operates 15 research institutes and labs.

Source: Environment Canada, 2006

Did you know?

Canada's Clean Air Act will help to reduce emissions of both air pollutants and greenhouse gases and protect human health and the environment.

The Government of Canada shares Canadians' concerns about air quality, including indoor air, and climate change. Many of the activities that cause smog and acid rain also contribute to climate change.

By taking a comprehensive and integrated approach for both air pollutants and greenhouse gases, the government is maximizing the benefits to the health of all Canadians and the environment. *Canada's Clean Air Act* is part of a results-oriented action plan to clean up the environment and protect the health of Canadians.

The proposed *Canada's Clean Air Act* will allow the government to:

- move industry from voluntary compliance to strict enforcement;
- replace the current ad hoc, patchwork system with clear, consistent, and comprehensive national standards; and
- institute a holistic approach that does not treat the related issues of pollutants and greenhouse gas emissions in isolation.

Source: Environment Canada, 2006

to drink, filtering dangerous radiation, maintaining a relatively stable temperature regime, and absorbing wastes. In turn, the health of Canadians is key to maintaining a healthy workforce—an essential component of productivity and competitiveness. Environmental degradation has an effect on the economy through lost worker productivity and health care costs. Smog caused by air pollution, for example, is associated with thousands of preventable deaths, illnesses, and emergency room admissions in Canada each year.

The Government of Canada plays an essential role in preserving and enhancing the quality of our country's natural environment. It recognizes that effective environmental management requires a collaborative approach and therefore works closely with provincial and territorial governments, as well as other partner groups, to address Canada's environmental risks and challenges. It also works with Aboriginal governments to better protect the health and safety of Aboriginal peoples and communities as they take greater control over their lands, resources, and environment.

Budget 2006 took actions that will lead to a cleaner, healthier environment. Beginning this year, the government will provide \$1.3 billion in support of public transit capital investments. The federal government will work with the provinces and territories to ensure immediate investments in public transit infrastructure in an effort to reduce traffic congestion in urban areas and lower carbon dioxide and other emissions. Additionally, Budget 2006 introduced a new tax credit for individuals on the purchase cost of monthly public transit passes at a fiscal cost of \$370 million over 2006–07 and 2007–08.


Climate change is a growing environmental concern for Canadians. The Government of Canada has committed to reducing greenhouse gas emissions through the implementation of the Clean Air Regulatory Agenda. This new approach would enable the government to establish clear national standards, move industry from voluntary

compliance to regulations, monitor progress, and report to Canadians on the gains that Canada is making in reducing pollution and greenhouse gas emissions. Furthermore, in Budget 2006, the government confirmed that it would provide accelerated capital cost allowance for investments in certain forestry bioenergy equipment. This measure will encourage additional investment in technologies that reduce greenhouse gas emissions and air pollutants. **Budget 2006** estimated that this measure would reduce federal revenues by \$30 million over the next two years (2006–07 and 2007–08).

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a clean and healthy environment through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.



Outcome Area	Federal Organizations
A Clean and Healthy Environment 	Agriculture and Agri-Food Canada Atomic Energy of Canada Limited Canadian Museum of Nature Canadian Space Agency Economic Development Agency of Canada for the Regions of Quebec Environment Canada Fisheries and Oceans Canada Indian and Northern Affairs Canada Parks Canada

A Fair and Secure Marketplace

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a fair and secure

marketplace. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.


Trend	Indicator	Performance Highlights
▲	Barriers to entrepreneurship 	In 2003, Canada had the lowest level of regulatory barriers to entrepreneurship among G-7 countries, up from the second lowest in 2002. Canada shared its top position with the United Kingdom.

The Government of Canada's contribution to a fair and secure marketplace

A competitive marketplace is an essential foundation for investment, innovation, trade, job creation, consumer confidence, and economic growth. A secure, fair marketplace maintains and enhances consumer confidence and gives businesses an optimal environment for competitiveness. To ensure that the marketplace operates fairly, efficiently, and effectively, the Government of Canada will concentrate its efforts on improving marketplace programs and services, increasing education and awareness, and enhancing compliance with and enforcement of marketplace rules and regulations through various initiatives.

Building a strong economy requires a regulatory regime for the securities market that ensures market integrity and investor protection. Efficient capital markets promote domestic and foreign investment in the economy, stimulating productivity growth and job creation.

Did you know?

The Competition Bureau  is a member of six law enforcement partnerships across Canada devoted to combating mass marketing fraud—whether by mail, telephone, or through the Internet, or a combination of these three vehicles. The Bureau has made mass marketing fraud a key enforcement priority for 2006–07. Reducing fraudulent representations ensures that consumers have confidence in the marketplace.

Source: Competition Bureau Canada, 2006

The Government of Canada contributes to creating a fair and secure marketplace by ensuring that:

- ▶ marketplace frameworks are responsive to changing economic conditions;
- ▶ Canadians comply with tax, trade, and border legislation;
- ▶ both consumers' and producers' rights are protected;



- ▶ high standards for a safe, fair, and secure trading system are in place; and
- ▶ Canada's international trading relationships are strengthened and new markets are sought out and accessed.

Budget 2006 [↗] announced important commitments contributing to a fair and secure marketplace. The government is dedicated to completing the 2006 review of the statutes relating to financial institutions and to engaging provinces and territories in improving the effectiveness and efficiency of regulatory processes in several industries. It will also implement a new regulatory regime for the securities market that will ensure market integrity and investor protection.

Budget 2006 [↗] emphasized that Canadians would benefit from the establishment of a common securities regulator that administers a single code, is responsive to regional needs, and has a governance structure that ensures broad provincial participation. A common securities regulator would maximize the efficiency of our capital markets, improve the capacity of enforcement, and better protect investors, provide greater administrative and regulatory efficiency, give all jurisdictions effective input into the regulation of Canada's capital markets, and enhance Canada's international voice. In the broader context of efforts to enhance the economic union and restore fiscal balance, the government will work with the provinces and territories to identify opportunities to establish a common securities regulator. Additionally, the government plans to assess the feasibility of more effective trading systems and free-trade negotiations with Canada's economic partners.

Did you know?

A number of new and expanded bilateral air transport agreements were negotiated by the Government of Canada, including those with India, China, Greece, and the United States, to better meet the needs of the travelling public, shippers, and the business community.

Source: Transport Canada, 2006

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a fair and secure marketplace through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
A Fair and Secure Marketplace 	Agriculture and Agri-Food Canada Canadian Dairy Commission Canadian Food Inspection Agency Canadian Grain Commission Canadian Radio-television and Telecommunications Commission Canadian Transportation Agency Competition Tribunal Copyright Board Canada Human Resources and Social Development Canada Industry Canada Standards Council of Canada Transport Canada Western Economic Diversification Canada



Social Affairs

Context

In a country as diverse socially, culturally, and geographically as Canada, the federal government must continue to encourage the active participation of its citizens in community life. The Government of Canada is committed to building a stronger, more cooperative federation in which all levels of government work together to promote core values, linguistic duality, ethnic diversity, art, culture, and active citizenship, while enhancing the health, safety, and standard of living of citizens. It is also committed to working collaboratively with Aboriginal leaders and their communities to improve the well-being of Aboriginal peoples in Canada.

Collaboration between federal, provincial, and territorial governments is essential to provide Canadians with a publicly funded health system that can cope with the breadth of health issues.

The Government of Canada is dedicated to strengthening the justice system and reinforcing Canada's capacity to address the dangers posed by local crimes. To ensure the safety of Canadian communities, the Government of Canada also works in partnership with volunteers, academics, governments, and community organizations on ways to prevent crime by investing in approaches that help stakeholders address the root causes of crime and victimization, such as family violence, gang recruitment, or substance abuse. The Government of Canada establishes and enforces laws that keep Canadians safe, regulate Canadian society, and protect disadvantaged groups in Canadian communities. It is also the federal government's responsibility to work collaboratively with First Nations, Inuit, and Métis in developing healthy, sustainable communities and in achieving their economic, social, and cultural aspirations.

A country that builds upon its foundation of linguistic duality and fosters creative expression across the diversity of its people also encourages dialogue, intercultural exchange, and, ultimately, a more inclusive society. At the same time, a society based on the values of inclusion and openness to diversity is better able to generate new ideas from a broader spectrum of experiences and views.

A wide array of social programs exists to strengthen Canada’s social well-being and to enhance the quality of life of its citizens. Some of these initiatives are aimed at preserving the ethno-cultural traditions that enrich our society, improving the chances for Canadian children to have a good start in life, and helping seniors to enjoy a dignified life, while fully participating in their communities. Other initiatives help facilitate the successful integration of newcomers through access to settlement supports and by granting Canadian citizenship to eligible persons. The Government of Canada also provides direct

support, tax assistance, and funding to citizens, as well as public and voluntary sector organizations.

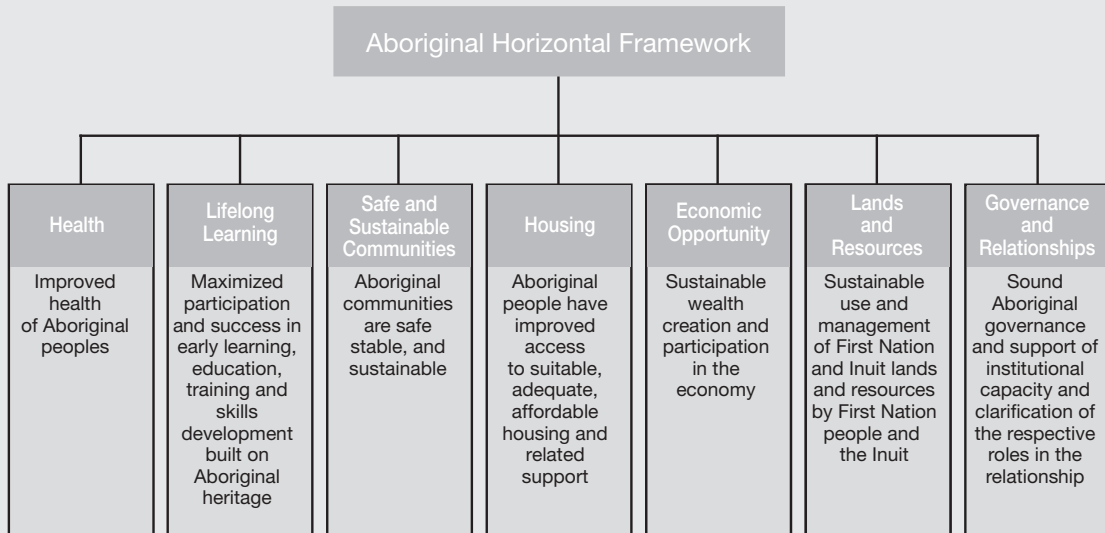
This section tracks the Government of Canada’s contribution to four outcome areas related to social affairs:

1. healthy Canadians
2. safe and secure communities;
3. a diverse society that promotes linguistic duality and social inclusion; and
4. a vibrant Canadian culture and heritage.

Did you know?

The Aboriginal Horizontal Framework provides a government-wide view of Aboriginal-directed programming and spending offered by the Government of Canada. It arranges the suite of federal programs and services under seven thematic headings: health, lifelong learning, safe and sustainable communities, housing, economic opportunity, lands and resources, and governance and relationships. The Aboriginal Horizontal Framework reflects the Government of Canada’s commitment to increase transparency and improve horizontal management of federal programs targeted to Aboriginal peoples.

The fully detailed Aboriginal Horizontal Framework is available at the following website:
<http://www.tbs-sct.gc.ca/pmd-obgr>





Key risks and challenges that impact Canada's social affairs

An assessment of social performance must often be coupled with an analysis of the risks and challenges that have influenced, and continue to influence, the state of social affairs. The following section provides a summary of some of the key risks and challenges to the Canadian social outlook.

Timely Access to Health Care Services

- Canadians continue to take pride in their public system of health care, while at the same time having concerns for its future and its ability to provide timely access to the quality care people need. Consistently, Canadians are concerned about waiting for diagnostic tests, waiting for surgeries, or waiting to see specialists.

Reducing Crime Rates

- Family violence, gun proliferation, and drug abuse are among many factors that put individuals and communities at risk. While Canadian communities require appropriate tools, knowledge, and support in order to deal with the root causes of crime at a local level, sound management of offenders and effective corrections policies also enhance public safety.

Meeting the Needs of Canada's Diverse Population

- As Canada's population becomes increasingly diverse, there will be challenges in continuing to promote unity, cross-cultural understanding, and education and to recognize that linguistic duality and cultural diversity constitute a unique social and economic advantage that benefits all Canadians across the country.

A Distinctive Character for Canadian Culture





- Canada is finding new ways of supporting Canadian communications, arts, and creativity. The distinctive character of Canadian culture needs to be reflected in the images of Canada held by Canadians and by people from other countries. The challenge is to promote cultural works that reflect a diversity of perspectives and voices, and ensure a strong Canadian presence throughout Canada.

Healthy Canadians

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term

progress in the area of healthy Canadians. In the electronic version of the report, clicking on indicators in the Performance Highlights table below will lead you to detailed information about performance and trends.

Trend	Indicator	Performance Highlights
▲	Life expectancy 	Life expectancy at birth has steadily increased from 77.8 years in 1991 to 79.9 years in 2003 (82.4 years for women and 77.4 years for men).
▲	Self-rated health status 	Between 2003 and 2005, the proportion of Canadians describing their health as “excellent” or “very good” increased. In 2005, 65.5% of Canadians aged 12 and older reported that they were in excellent or very good health, up from 59.6% in 2003.
—	Healthy lifestyles 	In the last decade, Canadians’ progress toward living healthy lifestyles has been mixed. Although people are exercising more, a greater proportion of Canadians are considered overweight or obese.
—	Waiting times 	In 2005, the median waiting time was about four weeks for specialist visits and non-emergency surgery, and three weeks for diagnostic tests. Nationally, median waiting times remained stable between 2003 and 2005, but there were differences at the provincial level.
—	Patient satisfaction 	Between 2000–01 and 2002–03, the percentage of Canadians who rated the quality of overall health services as being either “excellent” or “good” stayed relatively stable, increasing from 84.4% to 86.6%.




Health and socio-economic determinants

Health expenditures

The Government of Canada’s contribution to healthy Canadians

Canada’s universal health care system exists to safeguard and improve the health of all Canadians. Responsibility for public health and access to quality health care services is shared among federal, provincial, or territorial governments. All levels of government and other stakeholders are working together to renew and strengthen

Canada’s publicly funded health care system and to ensure Canadians receive adequate health care services in a timely manner. In **Budget 2006** , the Government of Canada announced important commitments to ensure that evidence-based benchmarks for medically acceptable wait times are established, starting in five priority areas: cancer care, cardiac care, diagnostic imaging procedures, joint replacements, and sight



restoration. As stated in the **Speech from the Throne** ¹, Canada's new government will work with the provinces and territories to make sure that all Canadians receive essential medical treatment within clinically acceptable waiting times.

While all levels of government play key roles in Canada's health care system, the federal government's responsibilities divide into five broad areas:

- 1) Supporting the health care system by setting and administering national principles or standards under the **Canada Health Act** ¹ and assisting in the financing of provincial and territorial health care services through fiscal transfers. Set at \$19 billion in 2005–06, health cash transfers are legislated to increase by 6 per cent annually up to 2013–14. This increase means an additional \$1.1 billion in 2006–07 and a further \$1.2 billion in 2007–08 in support of provincial-territorial health systems. (Source: Department of Finance Canada)
- 2) Delivering direct health services to specific groups, including veterans, military personnel, inmates of federal penitentiaries, refugee claimants, serving members of the Royal Canadian Mounted Police (RCMP), as well as First Nations populations living on reserves and the Inuit. The Government of Canada is committed to reducing the gap in health status between Aboriginal peoples and non-Aboriginal people by providing a range of ongoing programs to different segments of on-reserve First Nations and recognized Inuit populations. For example, primary health care services are provided through nursing stations and community health centres in remote and/or isolated communities to supplement and support the services that provincial, territorial, and regional health

Did you know?

The Government of Canada continues to collaborate with provincial and territorial governments to develop the building blocks for establishing Patient Wait Times Guarantees to ensure that Canadians receive medically necessary services within clinically acceptable wait times. More specifically, **Health Canada** ¹ is working with experts and stakeholders to invest in research, advance the use of information and communications technologies, facilitate better collaboration between jurisdictions, and ensure the supply of medical professionals.

Significant progress has already been made with the establishment of 10 common evidence-based wait time benchmarks in the areas of cancer screening and care, cardiac surgery, hip and knee replacements, and cataracts.

Source: Health Canada, 2006

authorities provide. In addition, the Government of Canada provides supplementary health benefits to approximately 764,523 eligible First Nations and Inuit to cover pharmaceuticals, dental services, vision services, medical transportation, medical supplies and equipment, and crisis intervention mental health counselling.

- 3) Promoting multiple strategies to improve the health of the population. The federal government promotes physical activity, sport, and health at the national level; works to prevent and control the risks of disease and injuries; supports and funds research; and manages public health emergencies. To support such population health activities and to protect the health of Canadians, Budget 2006 provided Health Canada and the Public Health Agency of Canada with \$104 million over two years



Infant mortality


Obesity

to develop and implement with various partners the **Canadian Strategy for Cancer Control** .

- 4) Working with key partners to ensure that Canadians have accurate, timely health information on which to base decisions (e.g. evaluating and monitoring safety and therapeutic effectiveness of drugs and medical devices; monitoring food safety and taking risk management action as appropriate, including issuing food recalls and allergy alerts; monitoring air quality and its effect on human health; and posting smog alerts).
- 5) Representing Canada at international fora on global health initiatives and participating in multinational efforts to eradicate disease, improve health, and reduce risk associated with public health threats.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to the outcome of healthy Canadians through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
<p>Healthy Canadians </p>	<p>Canadian Centre for Occupational Health and Safety Canadian Food Inspection Agency Canadian Institutes of Health Research Correctional Service Canada Department of Finance Canada Hazardous Materials Information Review Commission Health Canada Indian and Northern Affairs Canada Patented Medicine Prices Review Board Canada Public Health Agency of Canada Veterans Affairs Canada</p>





Safe and Secure Communities

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of safe and secure

communities. In the electronic version of the report, clicking on indicators in the Performance Highlights table below will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
—	Safety 	<p>Canada's crime rate fell 1.0% between 2003 and 2004. Except for an increase in 2003, the crime rate has decreased 12.0% since 1991.</p> <p>However, following the 2004 increase of 13.0%, the homicide rate rose an additional 4.0% in 2005, reaching its highest level in almost a decade. Police reported 658 homicides last year, 34 more than in 2004. Most of this increase was attributable to a rise in homicides in both Ontario and Alberta.</p>
▲	Housing 	<p>In 1996, 19.0% of households in Canada's census metropolitan areas (CMAs) and 17.9% of all of Canada's households were labelled as being in "core housing need." In 2001, this proportion had dropped to 16.6% among CMAs and to 15.8% for all Canadian households.</p>

The Government of Canada's contribution to safe and secure communities

Safe and secure communities have been a defining characteristic of the Canadian way of life and Canadians are rightly proud of that tradition of community safety and security. Canadians deserve to live in a safe society, to have faith in their justice system, and to be protected against violence and criminal acts. Many federal departments and agencies make a significant contribution to the government's priority of protecting its citizens by building safer and healthier communities. They are developing appropriate national policies for crime prevention, building community-based responses to crime, and finding innovative

and effective ways to control and restrict the flow of arms and drugs onto Canadian streets. The Government of Canada also has a responsibility to balance these objectives with concerns that strengthening our capacity to prevent crime, combat terrorism, and enhance public security may have implications for human rights and freedoms, and privacy.

To help keep Canadians and their communities safe and secure, Budget 2006 announced that the number of RCMP officers across the country will increase and provided funding to fill 1,000 vacancies by 2010. Budget 2006 also announced the hiring of additional federal prosecutors within the

Department of Justice Canada. These types of measures are taken in order to fully address law enforcement priorities such as drugs, corruption, border security, and gun smuggling. As an increasing number of young people are becoming involved with guns, gangs, drugs, and other criminal activities in communities across the country, the federal government has also committed to adopting, in collaboration with the provinces, an effective crime prevention strategy for youths at risk. This initiative will help Canadian youths make positive life choices and ultimately help them shape their role as responsible, committed, and contributing community members.

The Government of Canada is also actively engaged in maintaining public confidence in the criminal justice system and in long-term public safety by placing more emphasis on the needs of victims and by ensuring more rigorous sentences for violent and repeat offenders. Budget 2006 committed to addressing serious crime and ensuring that jail sentences match the severity of the crimes committed. If required, the federal government is committed to providing supplemental funding for Correctional Service Canada to expand correctional facilities and address the expected increase in the federal inmate population as a result of changes to sentencing rules.

As one means to make communities safe, secure, and healthy, the Government of Canada helps Canadians access a wide choice of quality and affordable homes. With the Affordable Housing Trust, the government announced in Budget 2006 that it will support investments to increase the supply of affordable housing, including transitional and supportive housing for all Canadians, but also more specifically for Aboriginal Canadians living on and off reserve. Although important

Did you know?

In 2006, the RCMP delivered professional and consistent policing services to eight provinces, three territories, 200 municipalities, and over 544 Aboriginal communities throughout Canada.

Fulfilling the mandate of preventing, investigating, and enforcing the law, as well as protecting the life and property of Canadian citizens, Contract Policing resources responded to approximately two million calls for various services.

Source: RCMP, 2005–06

progress has been made, housing conditions of Aboriginal households in Canada still significantly lag behind those of non-Aboriginal households.

Key federal departments provide numerous programs with a mandate to promote community well-being for all Aboriginal peoples. Examples include the Aboriginal pillar of the National Crime Prevention Program and the Aboriginal Justice Strategy, both of which are dedicated to help reduce crime and incarceration rates in Aboriginal communities across the country or to support these communities as they take greater responsibility for the administration of justice. Some programs are targeted to specific Aboriginal groups, such as the Urban Aboriginal Strategy, which is a series of pilot projects pioneering innovative ways to meet the unique needs facing the urban Aboriginal population in Canada, non-status Indians, and Métis people. In some areas, the federal government is working with provinces, territories, and Aboriginal groups to improve community stability and safety, such as the tripartite First Nations Policing Program that is helping First Nations communities create a safer and more stable environment.



Many federal initiatives are also implemented to prepare and defend Canada against potential crises and emergencies such as terrorism, security threats, and natural disasters. Occasionally, a domestic crisis occurs that is beyond the means of local authorities. In such cases, the Government of Canada can call on the Canadian Forces to deploy the best military assets in order to meet any emergency need, anywhere in the country. On a more day-to-day basis, the Government of Canada promotes the safety and security of Canadians by establishing safety standards for the transportation system. It plays a lead role in the security of Canadian travellers by establishing security rules and standards for transportation facilities; responding quickly to security incidents and threats; screening travellers and their baggage; securing air cargo and mail; and regulating the transportation of dangerous goods.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to the outcome of safe and secure communities through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
<p>Safe and Secure Communities </p>	<p>Canada Mortgage and Housing Corporation Canadian Firearms Centre Canadian Nuclear Safety Commission Canadian Security Intelligence Service Canadian Space Agency Canadian Transportation Accident Investigation and Safety Board Correctional Service Canada Department of Justice Canada Financial Transactions and Reports Analysis Centre of Canada Fisheries and Oceans Canada Human Resources and Social Development Canada Immigration and Refugee Board of Canada Indian Residential Schools Resolution Canada Law Commission of Canada National Capital Commission National Defence National Parole Board Public Safety and Emergency Preparedness Canada Royal Canadian Mounted Police Royal Canadian Mounted Police Public Complaints Commission Security Intelligence Review Committee Transport Canada Transportation Appeal Tribunal of Canada</p>



A Diverse Society that Promotes Linguistic Duality and Social Inclusion

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a diverse society that

promotes linguistic duality and social inclusion. In the electronic version of the report, clicking on indicators in the Performance Highlights table below will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
—	Attitudes toward diversity	Public opinion polls indicate that Canadians' attitudes toward diversity appear to be mixed. While personal tolerance of others increased slightly—29.0% of Canadians believed they were more tolerant of ethnic groups in 2004, up from 23.0% in 1991—support for affirmative action declined from 44.0% in 1985 to 28.0% in 2004.
▲	Attitudes toward linguistic duality [†]	In 2006, 72% of Canadians said they were personally in favour of bilingualism for all of Canada. This represents a 16% increase since 2003 (56.0%). Moreover, 68.7% of Canadians agree that having French as well as English spoken in Canada enhances employment and business opportunities for all Canadians.
—	Volunteerism	In 2004, nearly 12 million Canadians, or 45% of the population aged 15 and over, volunteered through a group or organization during the 12-month period covered by the <i>2004 Canada Survey of Giving, Volunteering and Participating</i> . ^{**}
▲	Political participation	After declining steadily over the past decade, voter participation in general elections improved in 2006. From the lowest rate in recent Canadian history, at 60.9% in 2004, the voter turnout at the 2006 federal general election reached 64.7%.

^{**}Note: Although rates of donating and volunteering in 2004 are higher than those found in two similar surveys in 1997 and 2000, the results cannot be compared because of the difference in questionnaires and methodology.



Official languages and the government's engagement

The Government of Canada's contribution to linguistic duality and social inclusion

Building upon its foundation of linguistic duality, Canada has also become a country marked and enriched by the many different origins of its population. Having two official languages has helped Canadians develop a particular understanding of and respect for each other. In turn, giving Canadians opportunities to enhance their awareness, understanding, and appreciation of cultural diversity has been essential to the strength and vitality of Canadian society and culture.

The Government of Canada is committed to enhancing the vitality of official languages minority communities and fostering the full recognition and use of both English and French in Canadian society. It has enacted laws, formulated regulations, and developed policies and programs, as well as agreements with provinces and territories in support of second language learning and minority-language education activities to enhance linguistic duality and to foster the development of official language minority communities.

The relationship between Aboriginal peoples and Canada has also profoundly shaped our identity as a nation. The Government of Canada has a historic relationship with Aboriginal peoples and has committed to working collaboratively with Aboriginal leaders to improve the quality of life of Aboriginal peoples.

In order to ensure the full participation of all Canadians at the economic, social, political, and cultural levels, Canadian society must try to eliminate barriers through targeted interventions. The Government of Canada plays an important role in the promotion of equality of opportunity and social justice, eliminating racism and discrimination, and enabling full participation of Canadians in society regardless of gender, ethnicity, or cultural or religious background. The Government of Canada ensures the effective implementation of its international human rights obligations and protects rights and freedoms in Canada under the **Canadian Charter of Rights and Freedoms** ¹ and the **Canadian Human Rights Act** ².

Newcomers to Canada often face challenges integrating into a new country, community, and labour market. Many immigrants, though well educated and highly skilled, still face barriers in obtaining recognition of their qualifications, training, and experience. Budget 2006 announced measures to ensure that the Canadian immigration system meets the needs of immigrants, and the economy, by facilitating the smooth integration of skilled and talented individuals into the labour force.

To help new Canadians attain the economic and social success sought for all Canadians, the government announced a two-year funding increase for **integration and settlement programs** ³ for new immigrants and refugees. Existing settlement funding will increase by \$307 million over the next two years and includes funds to support the Canada–Ontario Immigration Agreement—a comprehensive agreement that will enhance cooperation between the province and the federal government in supporting immigrant and refugee integration.



Did you know?

In May 2006, Bill C-14 was reintroduced in Parliament to amend the *Citizenship Act* and facilitate the granting of citizenship to children adopted abroad by Canadian parents.

Source: Citizenship and Immigration Canada, 2006

A key commitment of the federal government is to encourage sound governance in Aboriginal communities by supporting institutional capacity and clarifying respective roles and relationships. The government intends to renew and strengthen its relationships with First Nations, Inuit, and Métis people in a manner that respects Aboriginal and treaty rights and the unique place of Aboriginal peoples in the Canadian federation.

By working with the provinces, territories, municipalities, and other partners to provide individuals, families, and communities with the support they need in order to reach their full potential and contribute positively and meaningfully to Canadian society, the federal government also strengthens Canada's social well-being. In Budget 2006, the Government of Canada has committed to support the quality of life in Canadian communities by providing more choice in childcare for families with young children. With the

introduction of the new **Universal Child Care Benefit** to provide all families with \$100 per month for each child under age six, the Government of Canada is giving parents the ability to choose the child care option that best suits their needs. The federal government has also announced its support for the creation of more child care spaces, by setting aside \$250 million per year, beginning in 2007–08.

Did you know?

In June 2006, the Government of Canada offered a full apology to Chinese Canadians for the head tax imposed upon them and expressed its deepest sorrow for the subsequent exclusion of Chinese immigrants. The government also announced its intention to offer symbolic individual payments of \$20,000 to living Chinese head tax payers and living spouses of deceased payers.


The government is also committed to a \$24-million community historical recognition program to provide grant and contribution funding for community projects linked to wartime measures and immigration restrictions, as well as a \$10-million national historical recognition program to fund federal initiatives, developed in partnership with other stakeholders.

Source: Canadian Heritage 2006

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a diverse society that promotes linguistic duality and social inclusion through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic

version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
<p>A Diverse Society that Promotes Linguistic Duality and Social Inclusion </p>	<p>Canadian Heritage Canadian Human Rights Commission Canadian Human Rights Tribunal Chief Electoral Officer Citizenship and Immigration Canada Commissioner of Official Languages Department of Finance Canada Department of Justice Canada Human Resources and Social Development Canada Immigration and Refugee Board Indian and Northern Affairs Canada Military Police Complaints Commission Office of the Correctional Investigator Offices of the Information and Privacy Commissioners of Canada Status of Women Canada</p>




A Vibrant Canadian Culture and Heritage

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a vibrant Canadian

culture and heritage. In the electronic version of the report, clicking on indicators in the Performance Highlights table below will lead you to detailed information about current performance and trends.


Trend	Indicator	Performance Highlights
▲	Participation in cultural and heritage activities 	From 1998 to 2005, cultural participation among the Canadian population aged 15 and over was on the rise in almost all areas. For instance, professional concert and performance attendance increased from 35% to 41%, while gallery and museum visits grew from 22% to 26%. However, the movie-going rate of 60% in 2005 remained almost identical to the 1998 rate of 59%.

The Government of Canada's contribution to a vibrant Canadian culture and heritage

Participating in cultural and heritage activities broadens people's experiences by exposing them to the diverse social and historical aspects of their communities, introducing new and different ideas, and encouraging greater understanding across various groups.

The Government of Canada ensures that Canadians have the opportunity to participate in and benefit from a broad range of artistic experiences. While Canada remains one of the world markets most open to foreign cultural products, many of which come from the U.S., Canadians value a strong Canadian culture and call on the government to ensure that, despite our small market and vast geography, conditions exist in which Canadian culture can take root. Canadians want to have Canadian choices that reflect Canadian creativity and talent, linguistic duality, multicultural diversity, and the special place

Did you know?

In 2005–06, the **Virtual Museum of Canada**  (VMC) celebrated its fifth anniversary, a noteworthy achievement in the online environment. The VMC enables Canadians to have access to and participate in digital resources developed by Canadian museums and galleries, in both official languages. Over five years, the VMC has amassed a wealth of heritage content and features developed by Canadian museums and galleries that highlight Canadian stories in all their diversity and stimulate the participation and engagement of Canadians in their own heritage.

One of VMC's virtual exhibits, "Tipatshimuna: Innu stories from the land," has won the Canadian Museum Association's Outstanding Achievement award. Still growing and developing with the contribution of new content from the Innu community, the exhibit features narratives about life on the land from the perspectives of the Elders and of youths, a multimedia gallery space, and an online catalogue of Innu objects found in several Canadian institutions.

Source: Canadian Heritage, 2006



Movie-watching and music-listening habits

Reading habits

of Aboriginal peoples within Canadian society. Budget 2006 announced the provision of \$50 million over two years to the **Canada Council for the Arts** to enhance direct support for our best arts organizations and most promising creators. The Council has played an important role in supporting professional artists and non-profit arts organizations and promoting public awareness of the arts through its communications, touring, and dissemination activities. This announcement is consistent with the 2006 Speech from the Throne, which reasserted the importance of creative expression for the health of a democracy.

To strengthen the unique contribution that sport makes to Canadian identity, culture, and society, the Government of Canada has made a \$143 million annual commitment to sport in Budget 2006. The government also celebrates and commemorates Canadian history, our citizens, and their stories and contributes to the protection, restoration, preservation, and presentation of Canada's built heritage.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a vibrant Canadian culture and heritage through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the

Did you know?

Since 1999, Canada has pursued an international instrument that would recognize the legitimacy of cultural policy internationally. Canada actively participated and played a key role in the intergovernmental negotiation of a new convention at the United Nations Educational, Scientific and Cultural Organization (UNESCO). In October 2005, the **Convention on the Protection and Promotion of the Diversity of Cultural Expressions** was adopted by UNESCO member states. Two months later, Canada became the first state to ratify the Convention.

The Convention text reflects Canada's core objectives: it recognizes the dual nature of cultural goods and services as having both an economic and social value; it reaffirms the right of governments to adopt policies in support of diverse cultural expression; and it places the Convention on an equal footing with other treaties, while respecting existing obligations.

Source: Canadian Heritage, 2006

links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.



Outcome Area	Federal Organizations
A Vibrant Canadian Culture and Heritage 	Canada Council for the Arts Canadian Broadcasting Corporation Canadian Heritage Canadian Museum of Civilization Canadian Museum of Nature Canadian Radio-television and Telecommunications Commission Canadian Space Agency Library and Archives Canada Library of Parliament National Arts Centre Corporation National Battlefields Commission National Capital Commission National Film Board National Gallery of Canada National Museum of Science and Technology Parks Canada Telefilm Canada Veterans Affairs Canada



3 International Affairs

Context

With the emerging economies of Latin America and Asia assuming increasingly important roles in trade and foreign policy, it is imperative that Canada continue to demonstrate international leadership on global issues. Canada must maintain its tradition of simultaneously advancing its interests and values on the world stage, while promoting its culture and heritage abroad.

The Government of Canada's role in international affairs is to bring together the country's diplomatic, defence, development, migration, trade, and investment strategies to meet international challenges and opportunities.

The federal government is working with Canadian partners and the global community to bring peace, stability, and development to many countries around the world. Through its foreign and defence policies, Canada is involved in numerous international organizations and peace support operations worldwide. Canada further supports these global efforts and broader development objectives through bilateral and multilateral investments in development assistance, support to non-governmental organizations, as well as through emergency humanitarian relief.

Canada's current participation in the **stabilization and reconstruction of Afghanistan** is a prime example of an operation that combines elements of diplomacy, defence, and development. Following the fall of the Taliban regime at the end of 2001, the Canadian Embassy was opened in Kabul, the capital city. As of September 2006, more than 2,000 Canadian Forces personnel were deployed in Afghanistan, a country that is Canada's largest recipient of bilateral development assistance. Although Canada's presence in Afghanistan is not without risk, the Government of Canada is confident that the men and women serving in Afghanistan will succeed in their mission of helping the country become a secure and self-sufficient democratic state.

Other areas in which the government plays a role include international negotiations and treaties on trade, the environment, human rights and humanitarian law, international cooperation on migration, and funding for science and technology.

Advancing Canadian interests in a complex and sometimes dangerous world requires confidence and the independent capacity to defend our country's sovereignty and the security of our citizens. The Government of Canada works cooperatively and constructively with the international community to advance common values and interests. In support of this goal, it is building stronger multilateral and bilateral relationships, starting with **Canada's relationship with the United States**. More broadly, the government supports Canada's core values of freedom, democracy, the rule of law, and human rights around the world.

In an ever more interdependent world, decisions on international issues increasingly affect not only countries but also individuals, communities, and regions. The Government

of Canada recognizes these new circumstances and thus facilitates provincial participation in the development of Canadian positions that affect areas of provincial responsibility. As a result, the Government of Canada signed an agreement establishing a formal role for the Government of Quebec in the United Nations Educational, Scientific and Cultural Organization (UNESCO). By harnessing the diversity of experience and expertise found within our federation, we present a strong, united, and confident voice to the world.

This section tracks the Government of Canada's contribution to four outcome areas related to international affairs:

1. a safe and secure world through international cooperation;
2. global poverty reduction through sustainable development;
3. a strong and mutually beneficial North American partnership; and
4. a prosperous Canada through global commerce.



Key risks and challenges that impact Canada's role in international affairs

An assessment of the Government of Canada's performance must often be coupled with an analysis of the risks and challenges that have influenced, and continue to influence, the state of international affairs. The following section provides a summary of some of the key risks and challenges to Canada's role on the international stage.

Security

- Intra-state conflicts still pose security challenges to the global community. In addition, since the events of September 11, 2001, the world's attention has been focussed on the threat posed by terrorist groups seeking to acquire nuclear, chemical, and biological weapons (generally referred to as "Weapons of Mass Destruction" or "WMD").
- Recent events, such as Iran's past and ongoing nuclear activities, the assistance to Canadian citizens in Lebanon during the armed conflict in the Middle East, or the organization of elections for the first time in 40 years in the Democratic Republic of the Congo, remind us that every year Canada faces new risks and challenges that need to be dealt with by the government. Another example is energy security, which has been gaining prominence as an international concern, given recent oil price increases.

Poverty Reduction

- Though the global economy is strong, its benefits have not reached many of the world's 6.5 billion people. Reducing poverty has become a cornerstone of the global development agenda as presented in the Millennium Development Goals, a global commitment to significantly reduce poverty by 2015. This framework has become central to Canada's long-term vision of sustainable international development, in addition to internationally agreed principles of aid effectiveness such as local ownership, improved donor coordination, the creation of partnerships, policy coherence, and a results-based approach.

North American Partnership

- Despite major investments following the events of September 11, 2001, significant pressures remain to do more to improve Canada's national security and to work with the United States on facilitating the movement of people and goods, while controlling risks along our shared border.

Global Commerce

- The global economy is in the midst of a profound restructuring. The rapid emergence of major economic powers in Asia, the development of global supply chains, and the continued integration of global capital markets are collectively creating both tremendous opportunities and major challenges for Canadians and Canadian business.

A Safe and Secure World Through International Cooperation

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a safe and secure world

through international cooperation. In the electronic version of the report, clicking on the indicator in the Performance Highlights table will lead you to detailed information about current performance and trends.


Trend	Indicator	Performance Highlights
▲	Armed conflicts 	The situation is slowly improving. In 2005, there were 32 armed conflicts in 27 countries—down from 36 armed conflicts in 28 countries in 2003. These figures represent a general decline in armed conflicts since 1996, when the number worldwide was 40.

The Government of Canada's contribution to a safe and secure world through international cooperation



The Government of Canada is actively engaged with international partners to achieve the long-term outcome of a safer, more secure world based on international cooperation. Canada's initiatives include the following:

- ▶ peace support operations, including military and police contributions;
- ▶ promotion of human security, human rights, and refugee protection;
- ▶ support of democratic development and good governance;
- ▶ counter-terrorism capacity building;
- ▶ efforts to reduce crime, in particular transnational organized crime; and
- ▶ efforts to combat weapons proliferation.

Did you know?

Canada is supporting international efforts toward lasting **peace, stability, and poverty reduction throughout Sudan** . Its contributions focus primarily on helping to resolve the humanitarian crisis in Darfur and supporting the consolidation of peace following the signing of the north-south Comprehensive Peace Agreement in January 2005.

Source: Foreign Affairs and International Trade Canada, 2006

The Government of Canada is particularly involved in helping to restore peace and stability in **five different regions**  with internal conflicts, and failed and fragile states: the Arabian Gulf and Southwest Asia, the Balkans, the Caribbean, the Middle East, and Africa. Of approximately 2,700 Canadian Forces personnel deployed overseas on operational missions, more than 2,000 are taking part in **operations in Afghanistan** .



Defence expenditures as a percentage of GDP



The largest mission in Afghanistan was Operation ARCHER, which transitioned to Operation ATHENA in July 2006 when NATO assumed leadership as part of the International Security Assistance Force (ISAF). Canada's main objective is to **help Afghanistan** become a secure and self-sufficient democratic state.

Canada's military has a proud tradition of defending Canadian interests and values, promoting international stability, and providing humanitarian relief. The international missions now being undertaken require a whole-of-government approach. As a result, National Defence is working closely with other government departments to achieve stability and reconstruction in Afghanistan and other theatres of operations.

In order to accelerate the recruitment of an additional 13,000 regular and 10,000 reserve forces personnel and to acquire equipment needed to support a multi-role, combat-capable maritime, land, and air force, Budget 2006 announced the increase of the **National Defence budget** base by \$5.3 billion over five years. Of that amount, \$1.1 billion will be invested over the next two years to strengthen the Canadian Forces.

In today's security environment, counter-terrorism is another key area of Canadian involvement in helping to secure a safer world. **Preventing and responding to terrorism** are shared responsibilities in Canada, requiring the cooperative and supportive actions of all levels of government, the private sector, and international organizations. Budget 2006 provided \$64 million over two years to enhance Canada's anti-money laundering and anti-terrorist financing regime. In addition, the Government of Canada is committed to working with international partners to

Did you know?

The **Immigration and Refugee Board of Canada** (IRB) maintains relationships with a number of international organizations and regularly participates in three fora: The International Association of Refugee Law Judges, the Executive Committee of the United Nations High Commissioner for Refugees, and the Inter-governmental Consultations on Asylum, Refugee and Migration Policies in Europe, North America and Australia (IGC). The IRB has developed good relations with a number of refugee-receiving countries through the IGC network and has worked with its counterparts in various states such as Australia, Mexico, New Zealand, Sweden, the United Kingdom, and the United States.

Source: Immigration and Refugee Board of Canada, 2006

stop the proliferation of **weapons of mass destruction** and to prevent these weapons and related materials from being used in the future.

Canada also continues to promote the strengthening of international norms that will enable the international community to respond more effectively to large-scale violations of **human rights** and humanitarian law, such as war crimes, genocide, ethnic cleansing, and crimes against humanity.

Additionally, in keeping with its humanitarian tradition and international obligations, Canada provides protection to thousands of people every year. Through its **refugee protection system**, Canada offers safe haven to persons with a well-founded fear of persecution, as well as those at risk of torture or cruel and unusual treatment or punishment. Canada also works in collaboration with other governments and

Did you know?

Canada is one of eight countries resettling Burmese (Myanmar) refugees stranded in camps in Thailand for more than a decade. The Government of Canada approved the **resettlement of over 800 refugees** of the Karen ethnic group from Mae La Oon camp. Most will arrive in Canada late in 2006, the remainder in early 2007.

Source: Citizenship and Immigration Canada, 2006

organizations to ensure cooperation and progress on international migration. By taking a lead role in many international fora such as the Inter-governmental Consultations on Asylum, Refugee and Migration Policies in Europe, North America and Australia, or the Global Commission on International Migration, Canada seeks the development of coherent and transparent national migration systems that will contribute to global safety, prosperity, and human rights.

Finally, the Government of Canada also participates in international partnerships to strengthen public health preparedness and respond globally to chemical, biological, and nuclear threats, as well as a **potential**

influenza pandemic. As a result, Budget 2006 provided \$1 billion over five years to improve Canada’s pandemic preparedness—\$600 million was allocated to departments and agencies, and \$400 million was set aside as a contingency.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a safe and secure world through international cooperation through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations’ departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
A Safe and Secure World Through International Cooperation	<ul style="list-style-type: none"> Canadian Air Transport Security Authority (Transport Canada) Citizenship and Immigration Canada Foreign Affairs and International Trade Canada National Defence Royal Canadian Mounted Police



Global Poverty Reduction Through Sustainable Development

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of global poverty

reduction through sustainable development. In the electronic version of the report, clicking on the indicator in the Performance Highlights table will lead you to detailed information about current performance and trends.


Trend	Indicator	Performance Highlights
▲	Official development assistance (ODA) as a percentage of gross national income (GNI) 	In 2005, Canada contributed 0.34% (or about U.S. \$3.7 billion) of its GNI to ODA, up 0.07% from its 2004 contribution of 0.27%. This placed Canada 14th among the OECD's 22 Development Assistance Committee member countries.


The Government of Canada's contribution to global poverty reduction through sustainable development

Canadians, who come from every corner of the globe, understand that the life enjoyed by citizens in this country depends increasingly on helping make life in other countries better. Canada's future is intertwined with that of people around the world struggling to secure democracy and human rights, to build effective and accountable governance, to improve standards of living, and to manage the environment in a sustainable manner.

Canada's development efforts involve a number of key partners, such as other donors, developing country partners, as well as Canadian and international organizations. In particular, national governments play an integral role in ensuring that development is sustainable by establishing their own priorities, which are intended to make sure that benefits from economic growth reach

those most in need. Voluntary and private-sector partners also play a key role in achieving international development goals and mobilizing people, resources, and skills in the fight to end poverty.

Between 1990 and 2002, significant progress was made in the world. Average overall incomes increased by approximately 21 per cent and the number of people in extreme poverty declined by an estimated 130 million. In addition, child mortality rates fell from 103 deaths per 1,000 live births a year to 88. (UN Millennium Project, **Overview Report** , 2005)

However, much more needs to be done, as many statistics remain alarming. For instance, more than 1 billion people in the world live on less than US \$1 a day, and another 2.7 billion struggle to survive on less than US \$2 per day. Every day, HIV/AIDS kills 6,000 people and another 8,200 people are infected. (UN Millennium Project, **Fast Facts: The Faces of Poverty** , 2006)

Canada's development approach, led by the Canadian International Development Agency (CIDA), is fundamentally rooted in the **United Nations' Millennium Development Goals (MDGs)** and internationally agreed principles of aid effectiveness, which include local ownership, improved donor coordination, the creation of partnerships, policy coherence, and a results-based approach. This implies focussing assistance on a limited number of partner countries in sectors that support the MDGs and where Canadian development assistance is likely to have a greater impact. In addition, a four-part agenda to strengthen aid effectiveness will be implemented, consisting of a more strategic focus, strengthened program delivery, a more effective use of CIDA resources, and strengthened accountability for results.

Canada's new government accordingly noted in the **2006 Speech from the Throne** its commitment to a more effective use of Canadian aid dollars and has vowed to ensure greater accountability in the distribution and results of Canada's international assistance. Towards this end, Canada continues to work with international financial institutions to ensure their resources are used effectively to advance their respective mandates and that Canada's relationship with these institutions is effective, accountable, and efficient. Furthermore, with **Budget 2006**, the Government of Canada reaffirmed its commitment to double international assistance from 2001–02 levels by 2010–11.

Debt relief is recognized as another important contribution to helping reduce poverty. Canada has encouraged greater participation in debt relief so that debt-ridden national governments can redirect resources to **other sectors**, such as health, education, and the environment.

Did you know?

With help from Canada and other donors, **Afghanistan** has made significant progress: successful presidential and legislative elections, and the establishment of a new constitution; tremendous growth for the Afghan economy; over four million more children (one third of them girls) enrolled in primary school; more than 120,000 Afghan women provided with micro-loans to achieve sustainable livelihoods; over 3.5 million refugees resettled; collection and storage of 11,000 heavy weapons; 63,000 combatants disarmed; continued Canadian leadership on demining and eliminating surplus ammunition; and the empowerment of over 13,000 communities to identify priorities and manage resources for projects aimed at rural reconstruction and poverty alleviation (e.g. water and sanitation, education, health, electricity).

Nevertheless, many challenges remain, as Taliban insurgents still represent a threat to the Afghan people, the local government, and international peacekeeping forces.

Source: Canadian International Development Agency, 2006

Efforts to combat disease are also important, and the Government of Canada supports a number of multilateral initiatives, such as the **Global Fund to Fight AIDS, Tuberculosis and Malaria**, the Global Alliance for Vaccines and Immunization, the Global Polio Eradication Initiative, and the World Health Organization's 3 by 5 Initiative. Budget 2006 has provided up to \$320 million to fight polio, tuberculosis, malaria, and HIV/AIDS and to help low-income countries cope with natural disasters or sharp rises in commodity prices.



Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to global poverty reduction through sustainable development through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic

version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
Global Poverty Reduction Through Sustainable Development 	Canadian International Development Agency Department of Finance Canada Foreign Affairs and International Trade Canada International Development Research Centre

A Strong and Mutually Beneficial North American Partnership

Performance Context

To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a strong and mutually

beneficial North American partnership. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.

Trend	Indicator	Performance Highlights
▲	Merchandise trade ↗	<p>Merchandise exports to the U.S. increased from \$183.3 billion in 1994 to \$365.7 billion in 2005. Merchandise exports to Mexico totalled \$3.2 billion in 2005, up \$2.2 billion since 1994.</p> <p>Merchandise imports from the U.S. increased from \$137.3 billion in 1994 to \$215.0 billion in 2005. Merchandise imports from Mexico totalled \$14.6 billion in 2005, up \$10.1 billion since 1994.</p>

The Government of Canada's contribution to a strong and mutually beneficial North American partnership

With a combined population of about 436 million people, Canada, the U.S., and Mexico share the North American continent. The three sovereign partners are committed to the economic prosperity, safety, and security of citizens across the continent.

In 2005, the **Security and Prosperity Partnership of North America** ↗ (SPP) between Canada, the U.S., and Mexico was established. This partnership provides a framework to advance collaboration with Canada's neighbours in areas as diverse as security, border facilitation, trade, transportation, the environment, energy, law enforcement cooperation, and public health. This partnership has increased institutional

contacts between the three governments to respond to a shared vision of a stronger, more secure, and more prosperous region.

In March 2006, the three North American leaders reviewed progress on implementation of the SPP and committed to advance a positive agenda for the continent, focussing on **five key priorities** ↗:

- 1) the establishment of the North American Competitiveness Council;
- 2) implementation, within two years, of several measures aimed at continuing to create smarter and safer borders;
- 3) increased cooperation among the three countries in response to natural or man-made disasters;
- 4) establishment of a trilateral framework for regulatory cooperation; and



5) promotion of innovation, research, and development in areas such as clean energy technologies.

In addition, Canada and the U.S. are among the world's largest trading partners. The value of trade in goods and services that crosses the border each day is \$1.9 billion; trade is supported by the daily cross-border activity of half a million people and 37,000 trucks. With the signing of the **North American Free Trade Agreement** (NAFTA) in 1994, the Canada–United States Free Trade Agreement (1989) was expanded to include Mexico. In addition, in 2004 Canada grew to become Mexico's second largest merchandise export market and Mexico became Canada's fifth. (Statistics Canada, 2006)

Although the vast majority of Canada–U.S. trade is free of disputes, the issue of **softwood lumber** has affected the cross-border relationship. Canada's general approach has been to seek a negotiated settlement, while pursuing litigation before World Trade Organization and NAFTA panels and U.S. courts. Negotiations led to an April 2006 agreement in principle between Canada and the United States to resolve the dispute and provide Canadian industry with a stable and predictable environment in which to operate and invest. In August 2006, Prime Minister Harper confirmed that, since a clear majority of the lumber industry and the key lumber-producing provinces supported the **Agreement**, the government would table legislation in Parliament in order to implement it. Bill C-24, the legislation to implement the Agreement, was then introduced in Parliament on September 20, 2006. The Agreement entered into force on October 12, 2006. Canadian officials will continue to consult regularly with provincial officials and with industry in implementing the Agreement.

Did you know?

In May 2006, Canada and the United States renewed the **NORAD** Agreement and enhanced its mandate by adding a maritime warning function to its existing aerospace mission. The NORAD Agreement has also been made permanent, subject to a review at least every four years. This arrangement underscores the long-term commitment of both Canada and the U.S. to the joint defence of North America.

Source: National Defence, 2006




Furthermore, defence relations between Canada and the U.S. have evolved rapidly since September 11, 2001. For example, NORAD has increased its operational readiness and broadened its mandate to better address threats both inside and outside North America.

Moreover, the U.S. focus on homeland security has necessitated enhanced Canada–U.S. cooperation in a way that does not impede the flow of cross-border commerce. Each country recognizes it has a stake in the other's economy and security, and both are working closely to improve security, while facilitating the flow of commerce and people.

With regards to border security, **Budget 2006** announced an investment of \$101 million over two years to begin the process of providing front-line border services officers with side arms and ensuring that they are no longer required to work alone. With respect to trade, Budget 2006 provided \$303 million over two years for a border strategy that promotes the movement of low-risk trade and travellers within North America, while protecting Canadians from security threats.

Did you know?


Working in collaboration with U.S. Customs and Border Protection, the Canada Border Services Agency helps to facilitate the passage of low-risk, trusted travellers into Canada and the United States through many programs, including NEXUS Air, NEXUS Highway, and Free and Secure Trade (FAST).

- **NEXUS Air** —The program was piloted at Vancouver International Airport from November 30, 2004 to April 2006, using iris biometric technology. Due to the pilot program’s success, additional funding was allocated through Budget 2006 for the expansion of this initiative.
- **NEXUS Highway** —As of December 2005, there were over 93,400 participants enrolled at 11 high-volume land border-crossing locations across Canada. The NEXUS enrolment base is growing by 20,000 members each year.
- **FAST** —This is a commercial process offered to low-risk, approved importers, carriers, and registered drivers and allows shipments from approved companies, transported by approved carriers using registered drivers, to be cleared into either country with greater speed and certainty, and at a reduced cost of compliance.

Source: Canada Border Services Agency, 2006

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a strong and mutually beneficial North American partnership through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency departmental reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations’ departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
A Strong and Mutually Beneficial North American Partnership 	Canada Border Services Agency Canadian Food Inspection Agency Foreign Affairs and International Trade Canada International Joint Commission NAFTA Secretariat, Canadian Section National Defence



A Prosperous Canada Through Global Commerce

Performance Context


To set its programs, expenditures, and performance in context, the Government of Canada is tracking key measures of long-term progress in the area of a prosperous Canada

through global commerce. In the electronic version of the report, clicking on indicators in the Performance Highlights table will lead you to detailed information about current performance and trends.



Trade with non-NAFTA partners

Trend for Canadian trade

Trend	Indicator	Performance Highlights
▲	Canada's investment position 	Since the 1990 level of \$98.4 billion, Canadian direct investment abroad has more than quadrupled, reaching \$465.1 billion in 2005—a 3.0% increase from 2004. This increase is moderate, however, compared to 2004, which marked a 10.3% increase over 2003. Since 1990, the level of foreign direct investment in Canada has grown by almost 218%, from \$130.9 billion to \$415.6 billion in 2005.

The Government of Canada's contribution to a prosperous Canada through global commerce

In a globalizing world, international economic and commercial factors to a large extent determine the prosperity of individual sovereign nations. The level of integration or participation of national economies in the

global economic system has a direct impact on countries' potential for prosperity and the quality of life for their citizens. Canada has prospered from this global economy: with the ninth-largest economy in the world, Canada is now the world's ninth-largest single-nation merchandise trader. Canada's total merchandise trade exceeded \$815 billion in 2005.

Figure 3.1
Canada's Merchandise Exports and Imports in 2005

Exports			Imports		
Rank	Country ³	(\$ billions)	Rank	Country	(\$ billions)
1	U.S.	365.7	1	U.S.	215.1
2	European Union	24.7	2	European Union	45.6
3	Japan	9.2	3	China	29.5
4	China	7.1	4	Mexico	14.6
5	Mexico	3.3	5	Japan	14.8
	Other countries	25.9		Other countries	61.1
	All countries	435.9		All countries	380.7

Source: Statistics Canada, 2006

One quarter of all Canadian jobs are linked in part to **international trade** ³. In 2005, total world trade for Canada was \$982.3 billion, with trade in goods contributing \$840.2 billion and trade in services contributing \$142.1 billion.⁴ Each day, Canada trades more than \$2.5 billion worth of goods and services with the rest of the world. (Statistics Canada, 2006)

The Government of Canada works to ensure that Canada's position in the global economy with respect to trade and investment is enhanced. Despite the lack of progress in the current Doha round of negotiations, the **World Trade Organization** ³ (WTO) continues to provide the multilateral trade rules that underpin Canada's commercial relations with the 147 other members. Through **Budget 2006** ³, the government announced significant tax measures to help Canadian companies become more

productive and competitive and to make Canada a magnet for foreign investment. Commercialization of new knowledge has become, in fact, a main source of competitive advantage, and Canada will continue to invest in all facets of innovation and to provide services to business in order to gain or maintain the competitive advantage.

Expanding Canada's market share of current trading partners and exploring new ones is one way of ensuring Canadians benefit from global prosperity. Canada therefore has **free trade agreements** ³ in place with Chile, Costa Rica, and Israel and is currently negotiating free trade arrangements with the Central American Four (El Salvador, Guatemala, Honduras, and Nicaragua), the European Free Trade Association, Singapore, the Republic of Korea, the Andean Community Countries (Bolivia, Colombia, Ecuador, Peru, and Venezuela), the

³ Data by countries are calculated using Custom base concepts and definitions.

⁴ Trade data calculated using Balance of Payments concepts and definitions.



CARICOM countries (Caribbean Community and Common Market), and the Dominican Republic. (Foreign Affairs and International Trade Canada, 2006)

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations contribute to a prosperous Canada through global commerce through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental

Did you know?

Every year, Foreign Affairs and International Trade Canada publishes the **Annual Report on Canada's State of Trade** [↗], which provides an overview of developments in the global economy that have influenced Canada's economic performance over the past year.

Source: Foreign Affairs and International Trade Canada, 2006

performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Outcome Area	Federal Organizations
A Prosperous Canada Through Global Commerce [↗]	Agriculture and Agri-Food Canada Canada Mortgage and Housing Corporation Canadian Commercial Corporation Canadian International Trade Tribunal Department of Finance Canada Foreign Affairs and International Trade Canada



4 Government Affairs

Canadians rightly expect a lot from public service employees and expect the government to deliver policies and programs that take into account and are responsive to public priorities. They expect the government to operate in an open, transparent, and accountable manner. They want to know that government programs and services are well managed. Above all, they want assurances that they are receiving good value for their tax dollars. For this reason, and to restrain the rate of spending growth, Budget 2006 introduced a new approach for managing overall spending to ensure that government programs focus on results and value for taxpayers' money, and are consistent with government priorities and responsibilities. In support of this goal, the President of the Treasury Board identified savings of \$1 billion for 2006–07 and 2007–08.

A number of departments and agencies play an important supportive role to ensure a whole-of-government approach in the service of Canadians. These federal departments, agencies, and Crown corporations work across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. For example, through delivery of its core services, Public Works and Government Services Canada enables other government departments and agencies to deliver on their primary mandates.

There are many ways in which these federal organizations help other government departments and agencies meet their responsibilities, deliver on their core mandates, and, ultimately, serve Canadians better, e.g. by:

- ▶ providing advice and support to the prime minister, Cabinet, and Cabinet committees and by ensuring successful transition of government and the setting up of a new Cabinet;
- ▶ helping maintain and enforce a rigorous stewardship of public resources;
- ▶ offering information technology, telecommunications, translation, or auditing services to other federal departments and agencies;
- ▶ fostering and sustaining modern, effective, results-driven people management and leadership across the public service;

- ▶ assuring continuous contact among federal departments and agencies to support their ability to work effectively and to ensure overall consultation and coordination;
- ▶ purchasing goods and services, from office supplies to expert advisers' services to military uniforms; and
- ▶ safeguarding and fostering the integrity and political neutrality of public servants through audits, reviews, and investigations in support of the government's public policy values of equity, transparency, and fairness for all.

Did you know?

Budget 2006 committed to provide an ongoing approach in managing overall spending and to ensure that all government programs are effective and efficient, are focussed on results, provide value for taxpayers' money, and are aligned with the government's priorities and responsibilities.

To that end, the government has launched a review of its expenditure management system. Led by the President of the Treasury Board, this review will implement a new expenditure management system that will respect the following principles:

- government programs should focus on results and value for money;
- government programs must be consistent with federal responsibilities; and
- programs that no longer serve the purpose for which they were created should be eliminated.

Source: Budget 2006

Key risks and challenges that impact government affairs

Accountability and trust

- Increasingly, Canadians expect more transparency, greater accountability, and improved service delivery from government. One challenge for improved service delivery is the provision of more integrated services.
- Canadians' faith in the institutions and practices of government has been eroded and the Government of Canada is working diligently to regain that trust.






An accountable government

On April 11, 2006, Canada's new government introduced the *Federal Accountability Act* and Action Plan in the House of Commons, delivering on its commitment to make government more accountable.

Accountability is the foundation on which Canada's system of responsible government rests. A strong accountability regime assures Parliament and Canadians that the Government of Canada is using public resources efficiently and effectively. It also promotes ethical practice—actions undertaken in government must be motivated by the public interest and carried out in accordance with legislation and policy. Effective accountability also means that those who manage public resources must be prepared to report openly on results achieved.

Through the *Federal Accountability Act* and Action Plan, the Government of Canada is bringing forward specific measures to help strengthen accountability and increase transparency and oversight in government operations. The comprehensive Action Plan includes a proposed *Federal Accountability Act*, supporting policy, and other non-legislative measures, as well as a draft bill to amend the *Access to Information Act*.

The main elements of reform in the *Federal Accountability Act* and Action Plan are:

- **reforming the financing of political parties** ;
- **banning secret donations to political candidates** ;
- **strengthening the role of the Ethics Commissioner** ;
- **toughening the *Lobbyists Registration Act*** ;
- **ensuring truth in budgeting with the Parliamentary Budget Authority** ;
- **making qualified government appointments** ;
- **cleaning up the procurement of government contracts** ;
- **cleaning up government polling and advertising** ;
- **providing real protection for whistleblowers** ;
- **strengthening access to information legislation** ;
- **strengthening the power of the Auditor General of Canada** ;
- **strengthening auditing and accountability within departments** ; and
- **creating the position of Director of Public Prosecutions** .

To find out more about the key measures found in each element of reform, please click on the hyperlinks above or consult the fact sheets at http://www.faa-lfi.gc.ca/fs-fi/fs-fi_e.asp.

On November 6, 2006, the Senate Standing Committee on Legal and Constitutional Affairs reported back on the *Federal Accountability Act* with amendments. The Act is currently at report stage in the Senate Chamber.

Links to detailed departmental information

Several departments, agencies, and Crown corporations that receive appropriations support government affairs and other federal organizations through their respective strategic outcomes and program activities. This document serves as a road map to facilitate navigation through the departmental and agency performance reports. Clicking on

the links in the electronic version of the following table will lead you to planning, performance, and resource information that is contained in the organizations' departmental performance reports and reports on plans and priorities, as well as in the *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The Strategic Outcomes database, which can be found at http://www.tbs-sct.gc.ca/rma/krc/cp-rc_e.asp, also leads to relevant audits and evaluations.

Government Affairs

Canada Post Corporation
 Canada Revenue Agency
 Canada School of Public Service
 Canadian Forces Grievance Board
 Canadian Intergovernmental Conference Secretariat
 Commissioner for Federal Judicial Affairs
 Courts Administration Service
 Department of Finance Canada
 Department of Justice Canada
 First Nations Statistical Institute
 Governor General
 House of Commons
 Human Resources and Social Development Canada
 Infrastructure Canada
 Library of Parliament
 Office of the Auditor General of Canada
 Privy Council Office
 Public Service Commission of Canada
 Public Service Human Resources Management Agency of Canada
 Public Service Labour Relations Board
 Public Service Staffing Tribunal
 Public Works and Government Services Canada
 Royal Canadian Mounted Police External Review Committee
 Statistics Canada
 Supreme Court of Canada
 Senate
 Treasury Board of Canada Secretariat



Conclusion

Economic affairs

The Canadian economy is considered to be one of the strongest and healthiest among the G-7 countries. In 2005, the Canadian economy created 254,700 new full-time jobs and 2006 got off to a good start with a total of 101,500 new positions created in the first quarter. With strong job creation, the unemployment rate fell to 6.3 per cent in March 2006—the lowest level since December 1974.

While Canada has made progress towards achieving an innovative and knowledge-based economy, Canada's performance in innovation is slightly declining compared to that of other G-7 countries. On the other hand, the proportion of Canadians with a college or university degree increased in the last decade.

Alongside economic priorities, the Government of Canada recognizes that the quality of the environment is central to the long-term quality of Canada's communities and their prosperity. Canada has taken action to address environmental concerns. For instance, the proposed *Canada's Clean Air Act* will help to reduce emissions of both air pollutants and greenhouse gases and protect human health and the environment.

Social affairs

The Government of Canada supports the quality of life of citizens by committing to values that are important to Canadians and by promoting and improving health care services, safe communities, and support to families.

Canada's social well-being is experiencing a number of challenges. While the overall crime rate has generally been falling since it peaked in the early 1990s, the homicide rate rose in 2005, reaching its highest level in almost a decade.

Progress has been noted in political participation, where voter participation in general elections has improved in 2006, after declining steadily over the past decade. Housing conditions are also improving as the proportion of Canadians who are unable to afford shelter that is adequate, suitable, and affordable is decreasing.

The Government of Canada is committed to having the best possible system for ensuring that all Canadians receive essential medical treatment within clinically acceptable waiting times. It is supporting and enabling innovative approaches to health care delivery, consistent with the principles of a universally accessible and equitable public health care system.

International affairs

To meet the challenges and seize the many opportunities a global economy can bring, while contributing its share to international peace, security, and assistance, Canada must remain engaged abroad.

Canada's participation in the stabilization and reconstruction of Afghanistan is a prime example of how Canada contributes to international security. This is an operation that combines elements of diplomacy, defence, and development.

Canadians, who come from every corner of the globe, understand that the life enjoyed by citizens in this country depends increasingly on helping to make life in other countries better. Therefore, the federal government has moved forward to strengthen development assistance.

In addition, Canada is increasingly benefiting from partnership with its North American neighbours. A notable achievement in 2006

has been the resolution of the softwood lumber dispute with the United States. Canadians are also prospering in the global economy. Indeed, Canada is now the world's ninth-largest single-nation merchandise trader and one quarter of all Canadian jobs are linked in part to international trade.

Government affairs

Canadians rightly expect a lot of their public sector. They expect the government to pursue policies and programs that take into account and are responsive to public priorities; they expect the government to operate in an open, transparent, and accountable manner; and they want to know that government programs and services are well managed. Above all, they want assurances that they are receiving good value for their tax dollars.

Increasingly, Canadians are demanding greater transparency and accountability—an issue facing both the public and private sectors around the world. At the same time, Canadians' faith in the institutions and practices of government has been eroded.

To restore public trust and to respond to Canadians' demands to be more accountable for meaningful results, Canada's new government committed to its core priority of improving the accountability and transparency of government operations to Canadians.

Partnering for success

The Government of Canada recognizes that it is only one of many entities that shape Canadian society and that quality of life depends on many factors. For this reason, the federal government partners with other levels of government, private and voluntary sectors, non-governmental organizations, and



individuals to achieve the best possible social, economic, and environmental outcomes for Canadians.

Give us your feedback

The Government of Canada is committed to continually improving its reporting to parliamentarians and Canadians. We want to know what you think of this report—what you like best and what you think needs to be changed so that we can make improvements.

We welcome your comments by mail, telephone, fax, or email.

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Appendix: Performance Highlights

This chart summarizes the material presented in the report regarding Canada's performance in 13 outcome areas in three key policy sectors of federal involvement over the past five to 10 years (depending on the relevance and availability of data).


Legend

- ▲ Improving performance
- No definitive trend noted at this time (due to either a lack of trend data, relatively stable performance and trends, or multiple measures with opposing trends)
- ▼ Declining performance
- † New indicator

Economic affairs



Outcome area	Trend	Indicator	Performance Highlights
Income security and employment for Canadians 	▲	Employment	The average employment rate (for persons 15 and over) increased from 58.3% in 1996 to 62.7% in 2005. The highest employment rates can be found in the three Prairie provinces and Ontario. The Atlantic provinces and Quebec continue to have higher unemployment rates than the Canadian average. Nonetheless, since December 2004, the unemployment rate has fallen in the majority of provinces.
	▲	Income security	After declining in the first half of the 1990s, real disposable income (RDI) per capita has increased at an average rate of 1.8% per year since 1997, reflecting strong employment growth and cuts in personal taxes. In 2005, RDI per capita rose 1.5% from the 2004 level.

Economic affairs (cont'd)

Outcome area	Trend	Indicator	Performance Highlights
<p>Strong economic growth </p>	▲	Real gross domestic product (GDP)	<p>According to the latest data available, the percentage of Canadians living below the low income cut-offs decreased from 15.7% in 1996 to 11.2% in 2004.</p>
	▲		<p>Real GDP increased by 2.9% in 2005, slightly below 2004 growth of 3.3%. Within the G-7, Canada had the second-fastest growth in real GDP in 2005, second to the United States.</p>
	—	Cost-competitiveness	<p>In 2005, four provinces and territories recorded real GDP growth that was above the national average, all of them in western Canada. Newfoundland and Labrador was the only province where real GDP growth was noticeably below the national average.</p>
	—	Natural resources sustainability	<p>In January 2006, Canada's performance in cost-competitiveness had shown improvements in relation to the G-7 countries. Canada leads the G-7 countries in terms of low business costs, with a cost advantage of 5.5% over the United States. However, this margin has declined from 9.0% in 2004, primarily due to strong appreciation in value of the Canadian dollar relative to the U.S. dollar over the last two years.</p>
—	Natural resources sustainability	<p>Among the 95 commercial fish stocks assessed between 2003 and 2006, 20 were healthy and increasing; 28 were healthy and stable; and 47 were declining or depleted. The percentage of assessed stocks that are healthy as compared with those that are declining or depleted has decreased approximately 6% since the 2001–03 period.</p>	
▲	Green economic practices	<p>ISO 14001 is an international environmental management standard. The number of Canadian firms with ISO 14001 certification increased from 100 in 1999 to 1,636 in 2005.</p>	




Economic affairs (cont'd)


Outcome area	Trend	Indicator	Performance Highlights
An innovative and knowledge-based economy 	▼	Innovation	Canada's performance in innovation is slightly declining. Canada's gross domestic expenditure on research and development (GERD) as a percentage of GDP has decreased from 2.09% in 2001 to 1.96% in 2004. Over this time, the Government of Canada has continued to increase its investments in research and development. In terms of other measures of innovation, such as Canada's world share in triadic patent families, and science and engineering article outputs, Canada is behind the U.S. and other G-7 countries.
	▲	Educational attainment	In the last decade, the proportion of Canadians with a college or university degree increased. In 2001, 61.0% of all Canadians aged 25 to 34 had at least some education beyond high school. This is a marked increase over a decade earlier, when only 49.0% of people in that age category had any post-secondary education.
	—	Literacy	The 2003 data from the Adult Literacy and Life Skills Survey indicate that the average literacy score for Canadians has not changed significantly since 1994.
A clean and healthy environment 	▼	Air quality	At the national level, the population-weighted, warm-season average of ground-level ozone increased 16% from 1990 to 2003. Ground-level ozone is a key component of smog and one of the most harmful air pollutants to which people are exposed. Ozone is an important indicator of air quality, as there are currently no established thresholds below which it does not pose a risk to human health.*

**Note: The air quality indicator measures were revised in Canada's Performance 2006 to coincide with the way in which the Government of Canada has measured air quality since December 2005. These measures now reflect trends in Canadians' exposure to ground-level ozone (a key component of smog) rather than average concentrations of air pollutants. They provide a standard for tracking air quality and will serve as an annual measuring stick with which the government and the public can track progress in achieving cleaner air. As other measures of air quality become available, they will be included in future Canada's Performance reports.*

Economic affairs (cont'd)


Outcome area	Trend	Indicator	Performance Highlights
	—	Water use	In 2001, average residential water use per person was 335.0 L per day—an increase of 8.0 L from the lowest rate in 1996, though an improvement over the previous survey results from 1999.
	▼	Biodiversity	As of May 2006, the status of 163 species previously determined to be at risk had been reassessed. Of these, the status of 48 species worsened (29.4%), whereas 27 species (16.6%) were determined to be no longer at risk or placed in a lower risk category.
	▼	Greenhouse gas emissions	Canadian greenhouse gas emissions increased by 0.6% between 2003 and 2004 and by 26.6% since 1990. The increase in emissions was spurred by economic growth of 47.8% between 1990 and 2004 but was mitigated by an increase in the level of energy efficiency in Canada of 13.6% during that time frame.
A fair and secure marketplace 	▲	Barriers to entrepreneurship	In 2003, Canada had the lowest level of regulatory barriers to entrepreneurship among G-7 countries, up from the second-lowest in 2002. Canada shared its top position with the United Kingdom.

Social affairs

Outcome area	Trend	Indicator	Performance Highlights
Healthy Canadians 	▲	Life expectancy	Life expectancy at birth has steadily increased from 77.8 years in 1991 to 79.9 years in 2003 (82.4 years for women and 77.4 years for men).
	▲	Self-rated health status	Between 2003 and 2005, the proportion of Canadians describing their health as “excellent” or “very good” increased. In 2005, 65.5% of Canadians aged 12 and older reported that they were in excellent or very good health, up from 59.6% in 2003.



Social affairs (cont'd)

Outcome area	Trend	Indicator	Performance Highlights
	—	Healthy lifestyles	In the last decade, Canadians' progress toward living healthy lifestyles has been mixed. Although people are exercising more, a greater proportion of Canadians are considered overweight or obese.
	—	Waiting times	In 2005, the median waiting time was about four weeks for specialist visits and non-emergency surgery, and three weeks for diagnostic tests. Nationally, median waiting times remained stable between 2003 and 2005, but there were differences at the provincial level.
	—	Patient satisfaction	Between 2000–01 and 2002–03, the percentage of Canadians who rated the quality of overall health services as being either "excellent" or "good" stayed relatively stable, increasing from 84.4% to 86.6%.
Safe and secure communities 	—	Safety	<p>Canada's crime rate fell 1.0% between 2003 and 2004. Except for an increase in 2003, the crime rate has decreased 12.0% since 1991.</p> <p>However, following the 2004 increase of 13.0%, the homicide rate rose an additional 4.0% in 2005, reaching its highest level in almost a decade. Police reported 658 homicides last year, 34 more than in 2004. Most of this increase was attributable to a rise in homicides in both Ontario and Alberta.</p>
	▲	Housing	In 1996, 19.0% of households in Canada's census metropolitan areas (CMAs) and 17.9% of all of Canada's households were labelled as being in "core housing need." In 2001, this proportion had dropped to 16.6% among CMAs and to 15.8% for all of Canada's households.

Social affairs (cont'd)

Outcome area	Trend	Indicator	Performance Highlights
A diverse society that promotes linguistic duality and social inclusion ↕	—	Attitudes toward diversity	Public opinion polls indicate that Canadians' attitudes toward diversity appear to be mixed. While personal tolerance of others increased slightly—29.0% of Canadians believed they were more tolerant of ethnic groups in 2004, up from 23.0% in 1991—support for affirmative action declined from 44.0% in 1985 to 28.0% in 2004.
	▲	Attitudes toward linguistic duality†	In 2006, 72% of Canadians said they were personally in favour of bilingualism for all of Canada. This represents a 16% increase since 2003 (56%). Moreover, 68.7% of Canadians agree that having French as well as English spoken in Canada enhances employment and business opportunities for all Canadians.
	—	Volunteerism	In 2004, nearly 12 million Canadians, or 45% of the population aged 15 and over, volunteered through a group or organization during the 12-month period covered by the 2004 Canada Survey of Giving, Volunteering and Participating.**
	▲	Political participation	After declining steadily over the past decade, voter participation in general elections improved in 2006. From the lowest rate in recent Canadian history at 60.9% in 2004, the voter turnout at the 2006 federal general election reached 64.7%.
A vibrant Canadian culture and heritage ↕	▲	Participation in cultural and heritage activities	From 1998 to 2005, cultural participation among the Canadian population aged 15 and over was on the rise in almost all areas. For instance, professional concert and performance attendance increased from 35% to 41%, while gallery and museum visits grew from 22% to 26%. However, the movie-going rate of 60% in 2005 remained almost identical to the 1998 rate of 59%.

**Note: Although rates of donating and volunteering in 2004 are higher than those found in two similar surveys in 1997 and 2000, the results cannot be compared because of the difference in questionnaire and methodology.



International affairs

Outcome area	Trend	Indicator	Performance Highlights
A safe and secure world through international cooperation ↕	▲	Armed conflicts	The situation is slowly improving. In 2005, there were 32 armed conflicts in 27 countries—down from 36 armed conflicts in 28 countries in 2003. These figures represent a general decline in armed conflicts since 1996, when the number worldwide was 40.
Global poverty reduction through sustainable development ↕	▲	Official development assistance (ODA) as a percentage of gross national income (GNI)	In 2005, Canada contributed 0.34% (or about U.S. \$3.7 billion) of its GNI to ODA, up 0.07% from its 2004 contribution of 0.27%. This placed Canada 14th among the OECD's 22 Development Assistance Committee member countries.
A strong and mutually beneficial North American partnership ↕	▲	Merchandise trade	<p>Merchandise exports to the U.S. increased from \$183.3 billion in 1994 to \$365.7 billion in 2005. Merchandise exports to Mexico totalled \$3.2 billion in 2005, up \$2.2 billion since 1994.</p> <p>Merchandise imports from the U.S. increased from \$137.3 billion in 1994 to \$215.0 billion in 2005. Merchandise imports from Mexico totalled \$14.6 billion in 2005, up \$10.1 billion since 1994.</p>
A prosperous Canada through global commerce ↕	▲	Canada's investment position	Since the 1990 level of \$98.4 billion, Canadian direct investment abroad has more than quadrupled, reaching \$465.1 billion in 2005—a 3.0% increase from 2004. This increase is moderate, however, compared to 2004, which marked a 10.3% increase over 2003. Since 1990, the level of foreign direct investment in Canada has grown by almost 218%, from \$130.9 billion to \$415.6 billion in 2005.

Notes