

Western Economic Diversification Canada

2008–2009

Departmental Performance Report



**Western Economic
Diversification Canada**

**Diversification de l'économie
de l'Ouest Canada**

Canada 

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Minister's Message

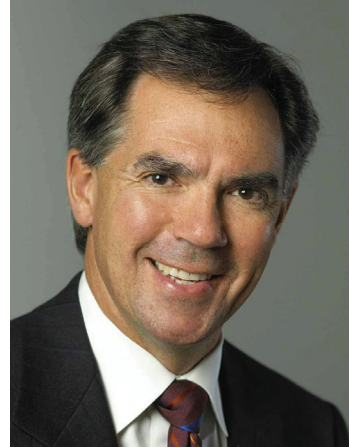
As Minister responsible for Western Economic Diversification Canada (WD), I am pleased to present the *Departmental Performance Report* for the year ending March 31, 2009.

WD's vision is to be a leader in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities. In order to achieve this vision, in 2008-2009, WD focused its work on achieving results that support the department's three, interconnected strategic outcomes:

- economically viable communities in Western Canada with a high quality of life;
- a competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system; and
- policies and programs that support the development of Western Canada.

Last year, WD worked collaboratively with provincial and municipal governments, universities, research institutes, industry, and not-for-profit organizations to help western communities diversify their local economies, deliver important infrastructure investments, and adjust to changing economic circumstances. These close working relationships also helped ensure that WD was a strong and informed partner in the development of federal policies and programs.

Over the past year, as Canada and the world have faced an economic downturn, WD has been doing its part to support western communities. WD has helped strengthen local economies by investing in projects and activities that improve infrastructure, support local businesses, strengthen innovation, and encourage community economic diversification. Moving forward, WD will continue to make investments that strengthen and diversify Western Canada's economy.



The Honourable Jim Prentice, P.C., Q.C., M.P.

Minister of State's Message

As Minister of State for Western Economic Diversification, I am pleased to present the *Departmental Performance Report* for the year ending March 31, 2009.

For more than two decades, Western Economic Diversification Canada (WD) has worked to support the long-term development and diversification of the western economy, playing a vital role in helping build a stronger West and a stronger Canada. The department achieves its mandate by collaborating with other orders of government and stakeholders to identify projects that support the department's strategic outcomes and priorities.



In 2008–2009, WD approved a total of \$131.3M towards 214 projects that leveraged an additional \$370.6M from other governments and organizations towards projects that strengthen businesses, foster innovation and stimulate community economic development.

Western entrepreneurs and innovators are a vital source of economic growth in the West, accounting for nearly half of all existing jobs. In 2008-2009, WD approved \$35.5M towards 39 projects that helped stimulate international trade and investment, enhance business productivity and competitiveness, foster industry collaboration, and improve access to services for western entrepreneurs. WD also approved \$63.8M towards 50 projects designed to strengthen western innovation by improving infrastructure at our universities and research centres, developing technology skills, and supporting research and development.

WD contributed \$41.8M towards 129 community economic development projects that support the long-term strength and viability of western communities. This contribution was used in the development of new businesses or industries, adding value to existing sectors, strengthening capacity, and improving local infrastructure. WD's work on community economic development also includes supporting economic recovery for communities faced with challenging economic circumstances.

The department also continued to develop effective policies and programs by increasing coordination among all partners, and effectively linking regional priorities with the federal agenda. Through our policy, advocacy and coordination activities, WD develops effective programs that create a strong and sustainable economic future for Western Canada. In addition, WD contributed \$340,000 towards two projects in this area.

Now more than ever, communities across the West must strive to diversify their local economies in the face of the global recession. WD will continue to make the strategic investments necessary to help communities and strengthen local economies. With these investments and future investments under Canada's Economic Action Plan, I am confident that WD's work will continue to help Western Canada navigate through this global economic recession towards recovery and long-term prosperity.

The Honourable Lynne Yelich, P.C., M.P.

SECTION I - DEPARTMENTAL OVERVIEW

Raison d'être and Responsibilities

Western Economic Diversification Canada's (WD) mandate is to promote the development and diversification of the economy of Western Canada (Manitoba, Saskatchewan, Alberta and British Columbia) and to advance the interests of Western Canada in national economic policy, program and project development and implementation.

WD supports entrepreneurship, innovation and community economic development and fulfils a leadership and coordination role in furthering western interests and responding to western challenges. The department works strategically through partnerships – with all orders of government, academic and research institutes, industry associations, and not-for-profit organizations – to implement initiatives that leverage funds and expertise for the benefit of the West and westerners.

Through its core resources, WD:

- invests in pan-western and other projects that are focused on delivering results that contribute to WD's strategic outcomes;
- supports the [Western Canada Business Service Network](#) (WCBSN), which provides more than 100 points of service in rural and urban communities across the West where entrepreneurs can get assistance in starting and growing businesses; and
- implements multi-year contribution initiatives such as the [Western Economic Partnership Agreements](#) (WEPAs) with western stakeholders. These agreements between the Government of Canada and the four western provinces address economic challenges by investing in shared priorities that:
 - support the creation and growth of research and development (R&D), with a focus on getting new products, technologies and services out to market;
 - support trade and investment;
 - enhance business productivity and competitiveness; and
 - increase value-added production in traditional industries.

To support national initiatives on behalf of the Government of Canada, WD also:

- delivers initiatives to mitigate the economic impact of the [mountain pine beetle infestation](#) in the Province of BC;
- works with provinces and municipalities to deliver a variety of [infrastructure programs](#) in the West, in partnership with Infrastructure Canada; and
- develops initiatives in support of [Canada's Economic Action Plan](#), such as the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada Fund (RInC).

Strategic Outcomes and Program Activity Architecture

The diagram below summarizes WD's strategic outcomes and Program Activity Architecture, demonstrates how WD's 2008–2009 priorities contributed to achieving these outcomes, and how WD contributes to the Government of Canada outcomes areas. (For a complete listing of WD's sub-activities, please refer to [tables 11a and 11b](#).)

Western Economic Diversification Canada Strategic Planning Framework 2008–2009

Government of Canada Outcome Areas

Strong Economic Growth

An Innovative and Knowledge-Based Economy

How WD contributes
to a stronger Canada

WD Mandate

To promote the development and diversification of the western Canadian economy, coordinate federal economic activities in the West, and reflect western Canadian interests in national decision making.

WD Vision

To be leaders in creating a more diversified western Canadian economy that has strong competitive and innovative businesses and communities.

Our 2008–2009 Priorities

Technology Commercialization	Trade & Investment	Business Productivity & Competitiveness	Rural Diversification	Management Excellence
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These Priorities will be
WD's focus in 2008–
2009 to achieve the
following Strategic
Outcomes

Our Strategic Outcomes

Policy, Advocacy & Coordination:

Policies and programs that support the development of Western Canada

Community Economic Development:

Economically viable communities in Western Canada with a high quality of life

Entrepreneurship & Innovation:

A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system

Our Program Activities

- Collaboration & Coordination
- Advocacy
- Research & Analysis

- Community Economic Planning, Development & Adjustment
- Infrastructure

- Business Development & Entrepreneurship
- Innovation

A stronger West. A stronger Canada

Summary of Performance

2008-2009 Financial Resources (\$ thousands) 2008-2009 Human Resources (FTEs)

Planned Spending	Authorities ¹	Actual Spending ²	Planned	Actual ³	Difference
\$281,646	\$291,214	\$242,173	403	421	-18

Performance Summary Table⁴

Strategic Outcome 1: A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship and Innovation)		
Performance Indicators	Targets	2008-2009 Performance
Real Gross Domestic Product (GDP) growth in Western Canada	3.2% (stable growth rate)	0.3% (2008 – decreased rate of growth)
Annual International Trade: value of exports excluding primary production sectors,	\$42.92B (increase)	\$48.74B (2008 - increase)
R&D intensity: Gross Domestic Expenditures on R&D (GERD) as % of GDP	N/A	1.3% (2006) ⁵

Program Activity	2007-2008	2008-2009			Alignment to Government of Canada Outcomes	
	Actual Spending (\$000s)	Main Estimates	Planned Spending	Total Authorities		Actual Spending
Business Development and Entrepreneurship ⁶	\$55,987	\$58,190	\$58,190	\$59,691	\$62,275	Strong Economic Growth
Innovation ⁷	\$70,065	\$87,226	\$87,226	\$88,724	\$77,466	An Innovative and Knowledge-based Economy

Strategic Outcome 2: Economically viable communities in Western Canada with a high quality of life (Community Economic Development)		
Performance Indicators	Targets	2008-2009 Performance
Disposable income per capita	\$31,082 (increase)	\$31,933 (2008 - increase)
Labour productivity growth – real GDP per hour worked	1.2% (stable growth rate)	-1.2% (2008 – decline in productivity)

¹ Total Authorities were greater than planned spending as new funding was received through Supplementary Estimates, consisting of: \$4.9M contribution transfer for Infrastructure Canada Program, \$1.7M in excess revenue collections, \$1.4M for collective agreements, and \$ 0.6M for various items.

² Actual Spending was lower than Total Authorities, primarily due to the transfer of contractual commitments between fiscal years under Infrastructure Canada Program, Mountain Pine Beetle Program initiatives, Alberta and Saskatchewan Centenaries Initiative, and International Vaccine Centre's Biosafety Level III Containment Facility in Saskatoon.

³ Actual full-time positions (FTEs) were greater than planned due to new recruitment related to WD's human resources renewal priority.

⁴ At the strategic outcome level, WD does not attempt to directly attribute outcomes to departmental efforts; attribution is more direct at the program activity and sub-activity levels.

⁵ Most recent data available.

⁶ The variance between actual spending and total authorities was offset against other program activities. No parliamentary vote authority was exceeded.

⁷ Actual Spending is lower than Total Authorities, primarily due to the re-profiling of funds (\$10.6M) related to the International Vaccine Centre.

Program Activity	2007-2008	2008-2009				Alignment to Government of Canada Outcomes
	Actual Spending (\$000s)	Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Community Economic Planning, Development and Adjustment ⁸	\$74,153	\$109,137	\$112,737	\$112,825	\$71,234	Strong Economic Growth
Infrastructure ⁹	\$36,505	\$2,084	\$10,784	\$16,268	\$19,254	Strong Economic Growth

Strategic Outcome 3: Policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination)

Performance Indicators	Targets	2008-2009 Performance
% of key informants with the opinion that WD activities provide policies and programs that support the economic development of Western Canada ¹⁰	55%	94% with respect to policies 93% with respect to programs
\$'s of project funding (\$'s WD project funding plus \$'s leveraged) ¹¹	\$350.04M	\$513.57M (total value of <u>all</u> projects approved incl. amendments)
% of projects completed this fiscal year that successfully met or exceeded performance targets ¹²	85%	83% (150 out of 181 projects which reported final results in 2008-2009)

Program Activity	2007-2008	2008-2009				Alignment to Government of Canada Outcomes
	Actual Spending (\$000s)	Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Collaboration and Coordination	\$4,475	\$5,866	\$5,866	\$6,311	\$4,945	Strong Economic Growth
Advocacy ¹³	\$3,223	\$2,683	\$2,683	\$2,999	\$3,602	Strong Economic Growth
Research and Analysis	\$2,752	\$4,160	\$4,160	\$4,396	\$3,397	Strong Economic Growth

⁸ Actual Spending was lower than Total Authorities, primarily due to the transfer of contractual commitments between fiscal years under Mountain Pine Beetle Program initiatives and Alberta and Saskatchewan Centenaries.

⁹ Planned and actual spending does not include grants and contributions resources administered by WD on behalf of Infrastructure Canada (Municipal Rural Infrastructure Fund, Canada Strategic Infrastructure Fund and Building Canada Fund), as this amount (approximately \$125.9M in Actual Spending) is reported by Infrastructure Canada. Actual Spending is greater than Total Authorities as WD started delivering against the Building Canada Fund (Community Component) in 2008-2009. No parliamentary vote authority was exceeded.

¹⁰ Actual performance far exceeds target, as the target was set conservatively in the absence of any previous benchmark.

¹¹ Value of all project funding approved is used as an indicator of overall performance related to Policy, Advocacy, and Coordination, since Advocacy may result in increased funding for initiatives, and Collaboration and Coordination enhances funding leveraged from other sources.

¹² Project success rate is used as an indicator of overall Policy, Advocacy, and Coordination performance since relevant policies and programs facilitate the attainment of individual project goals.

¹³ The variance between Actual Spending and Total Authorities was offset against other program activities. No parliamentary vote authority was exceeded.

Contribution of Priorities to Strategic Outcomes

Operational Priorities	Type ¹⁴	Status ¹⁵	Link to Strategic Outcome (SO) and Program Activity (PA)
Technology Commercialization	Ongoing	Mostly met: <ul style="list-style-type: none"> • WD expended 85.8% of \$20.02M in planned spending towards technology commercialization. • WD approved new funding of \$19.9M for 17 technology adoption and commercialization projects (targets were \$14.75M for 15 projects). These 17 projects are expected to result in 192 prototypes developed, 16 licenses executed, 23 technologies to market, 16 patents filed/issued, \$900,000 in venture capital invested, 20 technologies adopted, and 9 technology demonstrations. 	SO 1 PA - Innovation Investments in 2008-2009 will help to strengthen the western Canadian innovation system.
Trade and Investment	Ongoing	Mostly met: <ul style="list-style-type: none"> • WD expended 94.4% of \$10.76M in planned spending towards trade and investment. • WD approved new funding of \$13.18M for 13 market/trade development projects (targets were \$8.76M for 20 projects). These 13 projects are expected to result in 904 companies participating in export and market development initiatives, and 148 projects promoting participation in major international events. • WD approved no new funding for foreign direct investment projects (targets were \$0.7M for 2 projects). 	SO 1 PA – Business Development and Entrepreneurship Investments in 2008-2009 will support a competitive and expanded business sector in Western Canada. One area for improvement is for WD to focus more on supporting incoming trade and investment missions as they often provide the tangible economic benefits to Western Canada.
Business Productivity and Competitiveness	Previously committed to	Somewhat met: <ul style="list-style-type: none"> • WD expended 85.7% of \$48.12M in planned spending towards business productivity and competitiveness. • WD approved new funding of \$3.48M for 14 improved business productivity projects (targets were \$7.1M for 24 projects). These 14 projects are expected to result in 82% average client satisfaction with business services provided, 41 businesses created/maintained/expanded, and \$42.5M increase in sales. 	SO 1 PA – Business Development and Entrepreneurship Investments in 2008-2009 will also support a competitive and expanded business sector in Western Canada.

¹⁴ Type is defined as follows: “previously committed to” – committed to in the first or second fiscal year prior to the subject year of the report; “ongoing” – committed to at least three fiscal years prior to the subject year of the report; and “new” – newly committed to in the reporting year of the Departmental Performance Report.

¹⁵ Status includes: “successfully met,” “mostly met,” “somewhat met,” “not met,” or “exceeded expectations.” Two factors were taken into consideration in determining status of operational priorities: expenditures versus budget; and actual project approvals versus target.

Rural Diversification ¹⁶	Previously committed to	<p>Somewhat met:</p> <ul style="list-style-type: none"> WD expended 102.7% of \$28.28M in planned spending towards rural diversification. WD approved new funding of \$37.5M for 133 rural diversification projects, including \$23.8M for 106 Mountain Pine Beetle Program projects. The 27 non-mountain pine beetle projects are expected to result in 20 instances of increased capacity of community organizations, 10 enhanced community services or facilities, 444 people trained, 1500 sq. m. of new R&D/technology skills training space, and \$900K in venture capital. The 106 Mountain Pine Beetle Program initiatives projects are expected to result in 115 instances of increased community stability, 9 instances of increased capacity of community organizations, 62 people trained, and 31 jobs created. 	<p>SO 1, SO 2, SO 3</p> <p>Investments in 2008-2009 will support the development and diversification of the rural economy across the West, which contributes to all of WD's strategic outcomes.</p>
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WD places a priority on Management Excellence and continues to make progress in improving management practices as encouraged through the annual Management Accountability Framework assessment.

Management Priorities – Management Excellence	Type	Status	Link to Strategic Outcome and Program Activity (PA)
Implementation of Management, Results, and Resources, Structure (MRRS) policy	Previously committed to	<p>Mostly met:</p> <ul style="list-style-type: none"> Adopted a new corporate organizational model, including the creation of a performance measurement unit in Headquarters, to enhance accountability and transparency. Appointed a Regional Performance Integration Specialist in each Region, and established an inter-regional team to further improve performance measurement and reporting. Completed WD's Performance Management Framework with targets identified for 2008-2009 and 2009-2010, which were integrated into all regional and corporate business plans. Simplified WD's Program Activity Architecture for 2010-2011, and streamline performance measurement and reporting. Introduced a mid-term progress report to inform the Executive Committee of progress against key commitments. Reported cumulative impacts for each of WD's sub-activities in the 2007-2008 Departmental Performance Report, from data entered into Project Gateway, the corporate project management system. 	<p>SO 1, SO 2, SO 3</p> <p>Improvements to WD's MRRS support all strategic outcomes. One area for improvement is to streamline the number of sub-activities and refine the performance indicators at that level.</p>
Strengthening Internal Audit and Evaluation	Previously committed to	<p>Mostly met:</p> <p>Audit:</p> <ul style="list-style-type: none"> Approved a three-year risk-based audit plan. All 2008-2009 audit engagements outlined in the plan were completed. Established an external audit committee. Developed a joint quality assurance and improvement program with other regional development agencies, which is currently being implemented for all audits, in anticipation of an external assessment of the Internal Audit function. 	<p>SO 1, SO 2, SO 3</p> <p>Improvements to audit and evaluation processes support all strategic outcomes.</p>

¹⁶ Rural diversification projects are defined as improved business productivity, all Innovation, community development, and Research and Analysis projects outside of the seven major metropolitan areas in Western Canada.

		<p>Evaluation:</p> <ul style="list-style-type: none"> • Approved a five-year risk-based evaluation plan, which covers 100% of WD program spending, as required by the new Treasury Board Policy on Evaluation. • Completed the first ever “Evaluation of Policy, Advocacy and Coordination Functions.” • One evaluation on the approved plan was rolled over and will be completed in 2009-2010. 	
Strengthening accountability, transparency and performance reporting of WCBSN members and improved coordination	Previously committed to	<p>Mostly met:</p> <ul style="list-style-type: none"> • Placed renewed emphasis on capacity building for Community Futures boards and staff through training covering a wide range of board governance, business development, and community development topics. • Established minimum performance standards and negotiated performance targets for WCBSN members; assessed WCBSN performance reported in the third quarter against the standards and targets. • Initiated an update of Community Futures policy manuals and procedures. • Concurred with the Community Futures Program evaluation, which recommended that WD improve performance measurement on many fronts. • Completed the Francophone Economic Development Organization and Women’s Enterprise Initiative impact assessments, which recommended improvements to WD’s approach to capturing and reporting results. • As part of the Canada Business Network funding renewal through Budget 2009, adopted a logic model with performance indicators. 	<p>SO 1, SO 2, SO 3</p> <p>Improvements in relationships with network partners support all strategic outcomes.</p>
Human Resource Renewal	New	<p>Successfully met:</p> <p>Planning:</p> <ul style="list-style-type: none"> • Implemented a corporate reorganization that more clearly defined accountability and leadership of the planning function. • Developed succession plans for all executive positions, as well as some additional management and high-risk positions. • Implemented a talent management program/EX Talent Management Toolkit developed by the Canada Public Service Agency. • Made further progress in the integration of business and human resource planning. <p>Recruitment:</p> <ul style="list-style-type: none"> • Implemented the Deputy Minister’s internship program: selected four interns for two 18-month terms. • Hired 14 new professionals (10 employment equity group members). • Staged a recruitment pilot at the University of Victoria, which attracted over 30 federal departments and over 2700 students. • Launched a Career Opportunities page on the department’s public website. <p>Strategy leadership capacity:</p> <ul style="list-style-type: none"> • Selected one employee for the Canada School of Public Service’s iLeadership program, and four employees for the canada@150 initiative. • 96% of staff completed Annual Learning Plans tied to specific business goals. 	<p>SO 1, SO 2, SO 3</p> <p>Human resource renewal supports all strategic outcomes. One area for improvement is to pursue the Embracing Management Excellence Forum in 2009-2010.</p>

		<ul style="list-style-type: none"> Launched Corporate Orientation Program; completed management information sessions and 2 employee orientation sessions. Implemented an Official Languages (OL) Training Policy; approved 5 full-time OL training requests. Embracing Management Excellence Forum was postponed; however, 22 sub-delegated managers and an additional 4 employees completed the authority delegation training. Initiated a pilot mentoring program in Alberta, which will be evaluated in 2009-2010 to determine if it should be expanded. <p>Enabling infrastructure:</p> <ul style="list-style-type: none"> Implemented a new performance management system, which resulted in performance management plans completion rate of 89%. Completed a three-year learning strategy, which established corporate, regional and subject matter learning priorities. Distribution of the human resource bulletins to staff continued and learning bulletins were introduced. 	
Integrated Risk Management	Previously committed to	<p>Mostly met:</p> <ul style="list-style-type: none"> With the adoption of the Corporate Risk Profile, the Executive Committee took further steps to ensure a sound risk-based decision-making process. For example: <ul style="list-style-type: none"> Risk identification was further integrated into corporate planning; A risk analysis is now required for all issues to be considered by the Executive Committee; and A risk-based expedited claims process consistent with the Blue Ribbon Panel on Grants and Contributions was implemented. Developed the 2009-2010 Corporate Risk Profile. 	<p>SO 1, SO 2, SO 3</p> <p>Integration of risk with decision-making processes supports all strategic outcomes. One area for improvement is to ensure that the risk associated with proposed projects is assessed prior to any mitigation measures.</p>

Risk Analysis

Operating Environment

Events of 2008-2009 demonstrated that the western Canadian economy remains vulnerable to global economic fluctuations. A thriving economy and the subsequent economic downturn in mid-2008 revealed uneven levels of diversification in the West, yet also highlighted regional and sectoral economic strengths. Indeed, the rapidly changing economic picture in 2008-2009 underscored the continued need for diversification efforts in the West, as well as the importance of policy and program flexibility in response to these changes.

Opportunities

The West's abundance of natural resources serves as a traditional economic strength and ultimately the foundation for the success of the regional economy. However, dependence on resource exports and volatile commodity market prices, as demonstrated in 2008-2009, can result in unpredictable economic outcomes. As a result, WD has sought to build on the advantages associated with a strong resource-based economy while investing to create new

2008-2009 Operational Priorities

- Technology Commercialization
- Trade and Investment
- Business Productivity and Competitiveness
- Rural Diversification

opportunities and further develop existing opportunities.

An emerging opportunity for Western Canada is in the area of **technology commercialization**. Guided by the Government of Canada's 2007 [science and technology strategy](#), significant investments have been made to stimulate R&D in western Canadian universities; however, commercialization results have not been commensurate with the level of research investment. In order to facilitate the translation of knowledge and technology into commercial opportunities, WD made strategic investments in technology adoption and commercialization, and knowledge infrastructure projects, which will lead to an increase in technologies adopted by existing firms, and an increase in the number of technologies developed in research institutions that have commercialization potential. WD undertook sector research and analysis to pinpoint gaps and opportunities, as well as new programming and delivery options.

Entrepreneurship has been a pervasive feature of economic development in Western Canada, demonstrated by the high number of small- and medium-sized enterprises (SMEs), which account for nearly half of all existing jobs. Despite the significant role that **trade and investment** plays in job creation, a recent study of SMEs in Western Canada, "[Reaching Out: Exploring SME Exporting Opportunities and Challenges](#)," found that few SMEs export and those that do, rely heavily on a few trading partners. WD continued to support western Canadian businesses in their trade development and investment attraction efforts in connection with the Vancouver/Whistler 2010 Winter Olympic and Paralympic Games. As a departmental priority, trade and investment efforts focused on improving the international competitiveness of Western Canada and enhancing the awareness of western Canadian products, services, and technology capabilities around the world leading to increased sales, research agreements, and signed contracts. These efforts were coupled with advocacy objectives centred on export market development, the [Asia-Pacific Gateway and Corridor](#), the Mid-Continent Trade Corridor, foreign trade zones, inland ports, aerospace and defence procurement, and science and technology, in order to advance western Canadian interests.

To remain globally competitive, western Canadian businesses must seek opportunities to increase overall **productivity and competitiveness**. To support increased business productivity, WD provided business services for SMEs - promoting awareness and adoption of new management and business practices (i.e. lean manufacturing), access to supply chains, creation of business networks, access to risk capital, and access to skilled labour.

Western Canada's rural communities continue to be highly dependent on traditional resource industries such as forestry, agriculture, mining, and energy-related extraction. This dependence and the long-term trend of population out-migration may leave many communities economically vulnerable. WD continues to work with other government agencies and rural-based economic development organizations, such as the [Community Futures Development Corporations](#) (CFDC), to position **rural** economies for growth and **diversification**.

Challenges

As the effects of the global economic downturn became apparent in fall 2008, the department shifted its focus to address short-term community impacts. Advocacy efforts highlighted difficult market conditions faced by Western Canada and the need for economic adjustment programming, resulting in the continuation of one program and some new programming. WD continued to assist forestry-dependent communities to recover from the effects of the mountain

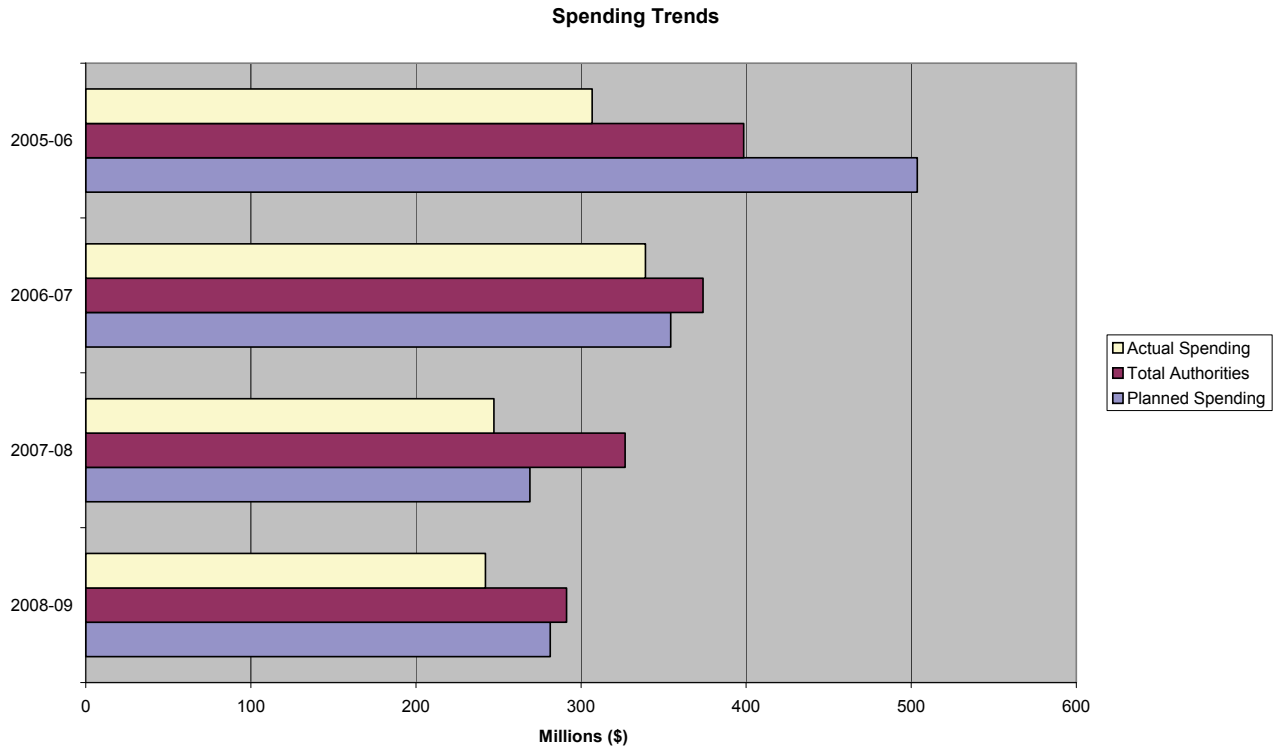
pine beetle infestation in British Columbia through the delivery of the [Community Economic Development Initiative](#) (CEDI) and [Airport Improvement Initiative](#) (AII). Further assistance will be provided to a variety of sectors through two new programs announced in the Government of Canada's [Budget 2009: Canada's Economic Action Plan](#). As the regional economic development agency for Western Canada, WD undertook steps to implement two key economic stimulus programs to assist the hardest hit communities:

- [CAF](#) is a two-year \$1B national program that aims to provide an economic stimulus to the economy by supporting projects that create and maintain employment. WD put in place the foundation to deliver \$306M in support to western Canadian communities hardest hit by the economic slowdown.
- [RInC](#) provides \$500M nationally for projects that focus on the rehabilitation of recreational facilities across Canada. Preparatory activities following Budget 2009 have positioned WD to deliver almost \$54M as part of the initial allocation to Western Canada.

Corporate Risk Profile

In 2008-2009, WD re-assessed its internal and external operating environments and prepared a [corporate risk profile](#) detailing the highest risks facing the department in fulfilling its mandate. The profile will assist in focussing attention on the key risks which impact on departmental decisions, and the need to mitigate these risks.

Expenditure Profile



Fluctuations in expenditures over the past four years can be attributed to the transitory nature of non-core transfer payment programs. In addition to core transfer payment programs, WD

manages a series of one-time initiatives, such as the [Mountain Pine Beetle Program initiatives](#), [Alberta and Saskatchewan Centenaries](#), and International Vaccine Centre's [Biosafety Level III Containment Facility](#) in Saskatoon, which respond to the needs of western Canadians at any given time. The winding down of prior initiatives and the launch of new initiatives can result in fluctuations in spending from year to year. For example, grant funding was \$47.0M for 2006-2007, \$18.5M in 2007-2008 and nil in 2008-2009, due to the wind down of the Prince Rupert Port Authority, Primrose Lake Air Weapons Range, BC Flood Mitigation, and Fraser River Port Authority initiatives, which were funded through grants. The figures presented in the above chart do not include funds spent through Other Government Department (OGD) suspense accounts, on behalf of other departments. For example, in fiscal year 2008-2009, WD expended approximately \$125M on behalf of Infrastructure Canada.

Voted and Statutory Items

Vote or Statutory Item (\$000s)	Truncated Vote or Statutory Wording	2006-2007	2007-2008	2008-2009	
				Main Estimates	Actual
1	Operating expenditures	\$41,494	\$45,018	\$48,753	\$49,645
5	Grants and contributions	\$292,591	\$197,120	\$215,271	\$187,009
(S)	Contributions to employee benefit plans	\$4,917	\$5,017	\$5,322	\$5,481
(S)	Collection Agency Fees		\$3	-	-
(S)	Minister of Western Economic Diversification	\$5			\$25
(S)	Spending of Proceeds from disposal of Surplus Crown Assets	\$2	\$2	-	\$13
	Total	\$339,009	\$247,160	\$269,346	\$242,173

SECTION II– ANALYSIS OF PERFORMANCE ACTIVITIES BY STRATEGIC OUTCOME

Entrepreneurship and Innovation

Strategic Outcome:

A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system.

Recent studies have shown that in terms of competitiveness and productivity, Canada has both strengths and weaknesses. Canada’s competitive strengths include: proximity to the US, an abundance of natural resources, a diverse economic base, a highly educated population, and an international reputation for integrity and credibility. On the other hand, Canada’s competitive weaknesses include: its large land mass in contrast to a small population and economy by world standards; internal barriers constraining the mobility of goods and services; unnecessary regulations which slow down innovation; inadequate interchange between the public and private sector; a level of taxation and a system of taxation that negatively affects the cost of capital; and an insufficient entrepreneurial culture.¹⁷ These studies confirm WD’s own research, which show that when measured against a number of competitiveness and innovation indicators, Western Canada needs to improve its performance to become a leader in the knowledge-based, global economy.

These results suggest that there is a continuing role for WD to play in supporting SMEs through business services and access to capital, as well as in supporting innovation primarily through facilitating the commercialization of technology and increasing knowledge infrastructure.

Program Activity: Business Development and Entrepreneurship

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending ¹⁸	Planned	Actual	Difference
\$58,190	\$59,691	\$62,275	118	123	-5

¹⁷ Competition Policy Review Panel, “[Compete to Win](http://www.ic.gc.ca/eic/site/cprp-gepmc.nsf/eng/h_00040.html)”, http://www.ic.gc.ca/eic/site/cprp-gepmc.nsf/eng/h_00040.html

¹⁸ See footnote #6.

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace.	SME revenue (all SME sizes) (excluding non-employee)	Not applicable	Not applicable	\$2.498M (2007) ¹⁹
	SME employment (all SME sizes) (excluding non-employee)	Not applicable	Not applicable	322,638 employees (2007) ²⁰
	Annual capital amount accessed by SMEs through WD programs	\$78.8M	Exceeded	\$100.3M ²¹

Benefits for Canadians

New business formation and growth is an essential step in creating industrial and business structures to ensure a modern, innovative, competitive, and relevant economic and industrial base in Western Canada. In 2008-2009, WD approved funding of \$35.5M, which leveraged \$117.0M from other sources, for 39 projects in support of Business Development and Entrepreneurship (BD&E).

The cumulative impact of all BD&E projects reporting results since April 1, 2005, are included in [Table 11a](#) in Section III.

Performance Analysis

To enhance business productivity and competitiveness in 2008-2009, WD approved projects such as:

- [NextSteps Enterprise West Society](#) - \$68,200 to help small business owners gain the skills they need to better recruit, train and retain young Canadian workers.
- [FPIInnovations](#) - \$1.2M investment in the forestry sector toward the development and commercialization of Canadian bio-energy technologies for pulp and paper mills.
- **Video-conferencing in BC and SK** - \$484,972 in BC and \$268,000 in SK for video-conference facilities at 43 rural Community Futures (CF) sites to enhance access to business training, expand business networks, increase productivity and reduce travel costs.

WD was also successful in working with other federal departments to renew ongoing federal funding of over \$4M per year for the [Canada Business Network](#) in Western Canada through Budget 2009. This funding renewal ensured the continuation of business information service for SMEs in the West.

With respect to its **trade and investment** operational priority in 2008-2009, WD developed a [Trade and Investment Framework](#) to target the department's efforts in key markets and

¹⁹ Most recent data available.

²⁰ Most recent data available.

²¹ Includes loans provided through the WCBSN (\$83.69M) and through the Loan and Investment Program (\$16.6M). Decrease in year-over-year lending through the Loan and Investment Program is due to a decrease in lending by Vancity Capital Corporation, as well as \$1.4M in lending via the Manitoba Francophone Fund reported late (to be credited to 2009-2010).

sectors in order to enhance the international competitiveness of Western Canada. WD's support has led to enhanced awareness of western Canadian products, services, and technology capabilities around the world and positive results through sales, research agreements, and signed contracts. For example, the [BC Wood Specialities Group 2008 Global Buyer Mission](#) in September of that year, resulted in estimated sales of \$23M.

WD continues to support Western Canada's gateways and corridors by providing direct support to the development of several gateway and inland port initiatives. WD's support is helping to build port infrastructure and to market business opportunities to foreign companies.

In support of the Government of Canada's commitment to enhance its relationship with the [Latin America and Caribbean \(LAC\) region](#), WD coordinated with Foreign Affairs and International Trade and the western provincial governments to host an incoming study tour of 12 Canadian trade commissioners from the LAC region to enhance their knowledge of the capabilities of SMEs in Western Canada. The participating commissioners are working to identify business opportunities in the LAC region for the western Canadian SMEs that participated in the tour.

In 2008-2009, WD supported 27 international business development projects totalling \$315,796 through the North American Platform Program (NAPP), such as the [BioMonterrey 2008 - International Congress and Exhibition of Biotechnology](#). As a result of WD's contributions, western Canadian organizations have formalized bilateral partnerships and research agreements, generated investment and business leads, and follow-up missions/discussions are taking place that should lead to increased export sales.

To improve access to risk capital and business services to SMEs, which are essential to ensure SMEs have the knowledge, skills and capacity to compete, the WCBSN provided information and advisory services, as well \$82.5M in loans, which created or maintained 9,500 jobs, and created, maintained or expanded over 3,000 businesses.²² As SMEs faced the tightening of credit markets, members of the WCBSN increased their lending by \$17M (26 per cent) over 2007-2008 levels. In response to this increase in demand in 2008-2009, WD provided an additional \$10M to CF investment pools, which are joint loan funds enhancing CFs access to loan capital.

In addition, 138 loans totalling \$16.6M were approved through the [Loan and Investment Program](#), leveraged by \$2M in WD contributions. In 2008-2009, WD established two new agreements for incremental venture capital for SMEs in the prairie provinces and a micro-loan agreement for small and start-up businesses in Calgary. The total financing for SMEs from these new agreements over the next five years could reach \$86M based on a commitment of up to \$11.5M from WD.

The evaluation of the [CF Program](#) was completed in 2008-2009. The [evaluation](#) found CFs are providing information, referral and counselling to clients; and clients are applying what they learn from the CFs to their businesses. WD also conducted impact assessments of the [Women](#)

²² In 2008-2009, WCBSN members responded to over 212,000 information requests, provided over 50,500 advisory services, trained over 34,000 clients, and approved 1,611 loans totalling \$82.5M, which leveraged \$152.6M. In addition, the Canada Business Network provided over 110,000 assisted services (walk-in visits) in 2008-2009 in the West, had more than 60,000 interactions with clients over the telephone and by e-mail, and received over 1,190,000 web visitors.

[Enterprise Initiative](#) (WEI) and the [Francophone Economic Development Organizations](#) (FEDOs). WEI services were found to have generated significant economic impacts in terms of business development and clients were generally very satisfied with the services that they receive. The \$22.9M in loan funding issued over the past five years is estimated to have generated about \$660M in incremental revenues and 8,000 incremental jobs. The FEDOs have helped to create, maintain or expand 716 businesses and 1,610 jobs between 2003 and 2008. The FEDO impact study cites the following case study, which demonstrates the FEDOs' success in supporting WD's Business Development and Entrepreneurship agenda:

- [The Conseil de développement économique des municipalités bilingues du Manitoba \(CDEM\): Providing Access to Capital for francophone entrepreneurs in Manitoba](#), generated over \$36M in investment over five years.

Lessons Learned

Experience has shown that supporting incoming trade and investment missions/study tours provides significant economic benefits to Western Canada and participating SMEs and research organizations. Incoming tours allow potential buyers to see first hand the innovative capabilities available throughout Western Canada. Furthermore, the department has learned that business-to-business matchmaking enhances the value of outgoing trade and investment missions, and provides participating SMEs with enhanced opportunities for successful business negotiations. WD will look for more opportunities to support incoming missions/study tours and when supporting outgoing missions will encourage the addition of matchmaking sessions.

The CF evaluation identified the importance of clearly defined and accessible indicators to better measure the long-term outcomes of the program and track results against the established indicators. The evaluation also demonstrated a clear link between economic conditions and demand for loans, and found that CFs continue to provide highly needed loans to support both new and existing businesses.

Program Activity: Innovation

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending ²³	Planned	Actual	Difference
\$87,226	\$88,724	\$77,466	77	80	-3

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
A stronger knowledge-based economy	Total income from the commercialization of intellectual property	Not applicable	Not applicable	\$28.55M (2006) ²⁴
	Business Expenditure on R&D as % of GDP	Not applicable	Not applicable	0.55% (2006) ²⁵

²³ See footnote #7

²⁴ Most recent data available.

²⁵ Most recent data available.

	Employment in natural and applied science and related occupations as a % of total employment	6.50% (increase)	Exceeded	6.87% (2008 – represents an increase in the share of employment)
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Benefits for Canadians

During 2008-2009, WD approved funding of \$63.8M, which leveraged \$214.5M from other sources, for 50 projects in support of Innovation. Thirty-one percent was invested in WD’s priority area of technology commercialization; an additional 44 per cent was invested in knowledge infrastructure, which supports both R&D, and technology skills development. WD support was primarily given to organizations that support multi-sectors, micro/nanotechnologies, health technologies, and advanced manufacturing technologies. These investments contribute to strengthening the western Canadian innovation system. Since innovation is a long-term process, the results may not be realized for several years and in sectors such as bio-pharmaceuticals, it may take 12 to 15 years to commercialize.

The cumulative impact of all Innovation projects reporting results since April 1, 2005, are included in [Table 11a](#) in Section III.

Performance Analysis

To examine longer-term results, WD commissioned an independent assessment of the two sub-activities that represent the largest Innovation-related investments: knowledge infrastructure; and technology commercialization. The assessment found that for the five-year period ending March 31, 2007, WD provided funding of \$126M to 129 projects, which attracted \$2.53 for each WD dollar invested. Most projects were in the life sciences sector (44 per cent) and the information and communications sector (17 per cent). WD’s financial support was vital, as only 17 per cent of the projects may have proceeded without it, and if they had proceeded, those projects would have been delayed or reduced in scope in the absence of WD funding. The reported results include the following intermediate outcomes for technology commercialization projects:

- 52 technologies adopted;
- 251 licenses executed;
- 37 technologies to market; and
- \$9M in venture capital invested.²⁶

The knowledge infrastructure projects supported the development of 22,000 square meters of space for R&D and skills training, and reported an incremental \$16.4M in R&D.²⁷ As measured against expected performance, most of the projects either met or exceeded the expected results.

²⁶ Other intermediate technology commercialization results reported include: 227 patents, 343 prototypes developed, 164 technology demonstrations, and 30 spin-off companies.

²⁷ Other intermediate knowledge infrastructure results include: an additional 9,000 square meters nearing completion, 35 patents and 6 spin-off companies.

Through the examination of the following case studies, the consultants demonstrated how several related projects contribute to enhanced innovation in specific clusters, which in turn enhanced the capacity, function, skills and outputs of the western Canadian innovation system:

- Two projects connected to [the pulse crop industry in Saskatchewan](#), which released 64 new varieties of pulse crops;
- Four projects that focused on [composites manufacturing in Manitoba](#), which developed and transferred new technologies to local industry;
- Several projects related to [the nanotechnology cluster in Alberta](#), which facilitate the growth and sustainability of local companies;
- Two complementary projects linked to [the therapeutic health products cluster in BC](#), which support commercialization in pharmaceutical drugs and natural health products.

Employing a Statistics Canada input/output analysis to quantify the direct and indirect economic impacts of WD investments on GDP and employment, the consultants found that WD's investment of \$126M resulted in direct and indirect output of \$643M, contributions to GDP of \$302M, and 5,630 full-time jobs.

Lessons Learned

With respect to performance measurement, there are several challenges in measuring the impact of WD's investments in Innovation. First, the innovation life cycle from conception to prototyping and commercialization varies by sector and is often not linear. Second, there is often a significant time lag between the realization of results and reporting of results. Third, results may also be affected by factors outside of WD's and project proponent's control, making attribution a challenge. Finally, the development of appropriate performance indicators is also a challenge. In response, WD is addressing these challenges by refining its approach to measuring performance related to Innovation.

Community Economic Development

Strategic Outcome:

Economically viable communities in Western Canada with a high quality of life.

WD's Community Economic Development strategic outcome involves economic development, and diversification and collaboration activities, that allow communities to build and sustain their economies as well as adjust to changing and often very challenging circumstances. It includes facilitating recovery from depressed economic circumstances and working collaboratively with members of the WCBSN to carry out community economic development initiatives in Aboriginal, rural, francophone, and resource-dependent communities.

A partner for WD's involvement in rural community economic development is the network of 90 [CFDCs](#) across the West. These community-based organizations assist their communities to plan and implement strategies aimed at developing and diversifying their economies.

The Community Economic Development strategic outcome also encompasses WD's work with provincial and municipal governments on infrastructure programs including the [Infrastructure Canada Program](#) (ICP), the [Municipal Rural Infrastructure Fund](#) (MRIF), the [Canada Strategic Infrastructure Fund](#) (CSIF), and the new [Building Canada Fund](#) (BCF).

Program Activity: Community Economic Planning, Development and Adjustment

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending ²⁸	Planned	Actual	Difference
\$112,737	\$112,825	\$71,234	106	111	-5

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Communities have increased economic opportunities and capacity to respond to challenges	Employment: # of new jobs created	92,000 (growth at a slower rate)	Exceeded	123,000 (2008 – growth at an increased rate)
	Net migration rate -- international and domestic	81,857 migrants (growth at a slower rate)	Met	96,300 migrants (2008– growth at a slower rate from 2007)

Benefits for Canadians

In 2008-2009, WD approved new funding of \$41.8M, which leveraged \$39.5M from other sources, for 129 projects in support of Community Economic Planning, Development and Adjustment.

The cumulative impact of all Community Economic Planning, Development and Adjustment projects reporting results since April 1, 2005, are included in [Table 11a](#) in Section III.

Performance Analysis

A key to enhancing the viability of communities, and ensuring stable long-term economic growth, is the diversification of Western Canada's heavily resource-based industrial structure, and increasing the value-added of current economic output. For example, as part of the \$200M federal [Mountain Pine Beetle Program](#), WD delivered over \$33M in project funding through [CEDI](#) to help diversify local economies in communities affected by the mountain pine beetle infestation in BC. In 2008-2009, WD has approved funding of \$17.8M for 105 projects, which leveraged \$11.3M from other sources. In addition, WD approved \$6.0M through the AII, which leveraged \$12.5M for the Kamloops Airport. Previously, WD provided support to an [airport runway expansion project in Prince George through the AII](#), which will strengthen the local economy by bringing in additional domestic and international flights.

During the current economic slowdown, it is particularly important to ensure that adjustment efforts are carried out in a sustainable, timely and effective fashion. One example of this is the support WD provided over the years to the [Port of Prince Rupert Terminal](#), which is projected to attract 140 vessels and 250,000 passengers annually within 10 years.

²⁸ See footnote #8.

The November 2008 [evaluation of the CF Program](#) concluded that the CF's community economic development activities support economic growth and diversification of communities, and there is evidence to suggest that community capacity has been strengthened. The evaluation also concluded that over the period 1999-2000 to 2005-2006, CFs have led or coordinated 4,902 long-term and 5,803 short-term community economic development projects. Based on long-term census data specific to each CF area, there is evidence to suggest that economic diversification has occurred, and CFs have contributed to reducing the unemployment rate in the communities.

The FEDO impact study, completed in 2008-2009, cites the following case study, which demonstrates the FEDO's success in supporting WD's Community Economic Planning, Development and Adjustment agenda:

- [The Société de développement économique de la Colombie-Britannique \(SDECB\): Linking francophone entrepreneurs to the 2010 Olympic Games](#), a supplier development initiative.

Lessons Learned

The high priority placed upon the implementation of the Budget 2009 economic stimulus initiatives, at the end of fiscal year 2008-2009, has meant that much of WD's core program activity had to be temporarily de-emphasized. This may have future implications regarding meeting outcome targets related to core program activity, as well as regarding maintaining relationships with the department's regular clients. On a positive note, the new economic stimulus initiatives may introduce a new client group to the department, which may result in mutually beneficial partnerships in the future.

Program Activity: Infrastructure

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending ²⁹	Planned	Actual	Difference
\$10,784	\$16,268	\$19,254	16	17	-1

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
To maximize economic, social, cultural and environmental benefits to western Canadians through investments in public infrastructure in a coordinated manner with provincial and municipal governments.	% of key informants with the opinion that WD delivery of infrastructure programs results in investments that reflect western Canadian infrastructure priorities	50%	Not applicable	To be measured during 2009-2010
	\$ value of federal infrastructure projects funded per fiscal year	\$13.60M	Mostly met	\$12.95M
	\$ leveraged in addition to federal \$ for projects funded per fiscal year	\$27.20M	Not Met	\$3.12M

Benefits for Canadians

²⁹ See footnote #9.

The cumulative impact of all [ICP](#) projects approved since program inception in October 2000 are included in [Table 11b](#) in Section III.

Performance Analysis

WD plays an important role in the delivery of infrastructure programming, which supports the western Canadian economy and the federal government's Building Canada Plan. During 2008-2009, WD continued to deliver the ICP in each of the four western provinces. The ICP was created in 2000 to enhance infrastructure in Canada's urban and rural communities and to improve quality of life through investments that protect the environment and support long-term community and economic growth. As of March 31, 2009, approximately 98 per cent of the total federal funding of \$546M had been committed towards 1,622 infrastructure projects across the West. A total of \$12.95M was expended by the department in 2008-2009, leveraging \$3.12M in funding from other orders of government. The performance of \$3.12M against the \$27.2M target for dollars leveraged is due to the timing of non-federal expenditures and delays in reporting.

WD also delivers infrastructure programs in each western province on behalf of Infrastructure Canada such as MRIF and BCF Communities Component (BCF-CC) as well as manages a number of CSIF and BCF Major Infrastructure Component (BCF-MIC) projects in the West. Grants and contributions (G&C) funding for MRIF, BCF, and CSIF is provided through Infrastructure Canada's appropriation and is held in a suspense account; operations funding for infrastructure programming continues to be included in WD's estimates. Details on infrastructure program results for which G&C funds are held in suspense may be found in [Infrastructure Canada's Departmental Performance Report](#).

Lessons Learned

In 2008-2009, WD's Internal Audit group conducted an audit of WD's delivery of national infrastructure programs across the West. The audit conclusions indicated that WD's overall delivery of national infrastructure programs was satisfactory and key recommendations were primarily directed at improving WD's modern management practices. A number of conclusions also implicated WD's delivery partner, Infrastructure Canada, and these conclusions have been shared. A management response will be prepared and will be implemented in 2009-2010.

Policy, Advocacy and Coordination

Strategic Outcome:

Policies and programs that support the development of Western Canada.

To achieve this strategic outcome, the department undertakes three distinct, but interrelated program activities:

1. WD engages in **Collaboration and Coordination** activities and projects that bring people, communities, ideas and resources together. The department's efforts emphasize partnerships, collaboration and strategic investments to link western Canadians' views with national policies, priorities and programs. WD also shares ideas and best practices

with other regional development agencies to enhance overall efficiency in federal programming.

2. WD's **Advocacy** work is intended to achieve specific outcomes for Western Canada. Advocacy efforts are undertaken independently to pursue or to influence initiatives that generate benefits for the West, or they can also flow out of the department's Collaboration and Coordination activities.
3. **Research and Analysis** is often required to understand the regional development issues facing Western Canada and to guide the department's advocacy and policy-making efforts. This in-depth policy and economic research and analysis is undertaken and coordinated in collaboration with other public and private stakeholders. In addition to facilitating dialogue and increasing the understanding of western Canadian challenges, opportunities and priorities, this research provides the foundation needed to develop relevant policies and programs.

Benefits for Canadians

In 2008-2009, WD approved funding of \$338,028, which leveraged \$782,274 from other sources, for two Research and Analysis projects, which support the Policy, Advocacy and Coordination outcome.

The cumulative impact of all Policy, Advocacy and Coordination projects reporting results since April 1, 2005, are included in [Table 11a](#) in Section III.

While this strategic outcome does not entail many G&C resources, considerable human resources are required to fulfill our program activity goals. In the “[Evaluation of Policy, Advocacy and Coordination Functions](#)” (PAC Evaluation), 97 per cent of those interviewed stated that WD activities in this area are relevant and that there exists an ongoing need for such activities. WD has responded by increasing resources dedicated to Policy, Advocacy and Coordination activities in 2008-2009, and will maintain this increased resource level in 2009-2010.

WD represented western interests in federal decision making and programming in such areas as [Canada's Economic Action Plan](#), the federal [science and technology strategy](#), and the Canada Business Network funding renewal. The evaluation also references WD's role in the [Asia Pacific Gateway and Corridor Initiative](#) (APGCI) and the [Mountain Pine Beetle Program initiatives](#) as examples of how the department met all of its Policy, Advocacy and Coordination objectives.

Program Activity: Collaboration and Coordination

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
\$5,866	\$6,311	\$4,945	39	41	-2

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Better coordinated economic development activities, policies and programs in the West	% of key informants with the opinion that WD activities provide better coordinated economic activities, policies and programs in the West ³⁰	50%	Exceeded	91%
	Ratio of \$'s leveraged per WD dollar committed, for projects funded in 2008-2009 through all WD programs	\$1.00	Exceeded	\$2.62
	\$ value of project funding provided under interdepartmental agreements to which WD was a party	\$25.00M	Mostly met	\$21.73M ³¹

Performance Analysis

WD's Collaboration and Coordination activities in 2008-2009, continued to support the development and diversification of Western Canada. In the PAC Evaluation, which focuses on WD's Policy, Advocacy and Coordination strategic outcome and covers fiscal years 2003-2004 to 2007-2008, 91 per cent of key informant respondents stated that WD-sponsored or WD-conducted Collaboration and Coordination activities have contributed to better-coordinated economic development activities, policies and programs in the West. Overall, 87 per cent of respondents stated that WD-sponsored or WD-conducted Collaboration and Coordination activities have contributed to aligning federal and provincial regional economic development priorities in the West.

The department accomplished several significant milestones in the past year including:

- [WEPAs](#) were signed in each of the four western provinces, which will provide \$25M in funding, matched by the provincial governments, for a total investment of \$200M to stimulate opportunities for western Canadians. The previous round of WEPAs are cited in the PAC Evaluation as an example of WD's success in the area of Collaboration and Coordination.
- Federal and provincial western ministers with responsibility for economic development and innovation met on April 25, 2008, for the first time to discuss issues of common interest. As a result of this meeting the Western Deputy Ministers Working Group organized a [productivity and competitiveness conference](#) held in October 2008 to share best practices as well as to identify opportunities for collaboration.
- WD continued to play a leading role in Regional Federal Councils in each western province. An example of a success is the Interdepartmental Forum on Aboriginal Issues (IFAI), which was established by the Alberta Federal Council to promote integrated horizontal approaches to Aboriginal issues both on and off the reserve at the regional

³⁰ See footnote #11.

³¹ Includes WEPA and Urban Development Agreement G&C expenditures.

level. Under the IFAI, two coordinating groups have been established, one for regulatory and policy matters, and the other for coordinated program initiatives.

Lessons Learned

WD is known for its work in building and maintaining collaborative relationships. Related work undertaken during the past year led to key successes that can broadly assist economic development in Western Canada. An important lesson to draw from these successes is the importance of having clearly defined goals and objectives to frame Collaboration and Coordination activities. For example, the western Canadian economic development and innovation ministers identified five areas of priority for joint action when they met in April 2008. This clarity provided a framework and a focus around which senior officials could collaborate to address productivity and competitiveness challenges.

Program Activity: Advocacy

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending ³²	Planned	Actual	Difference
\$2,683	\$2,999	\$3,602	20	21	-1

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Decisions by other organizations that improve economic policies and programs in the West	% of key informants with the opinion that WD activities provide an improved understanding and awareness of western issues, challenges, opportunities and priorities ³³	55%	Exceeded	96%
	% of key informants with the opinion that WD advocacy work results in federal policies and programs that reflect western Canadian needs ³⁴	60%	Exceeded	88%
	% of key informants with the opinion that WD advocacy work results in improved awareness of industrial and regional benefits and/or federal procurement opportunities ³⁵	50%	Exceeded	66%

Performance Analysis

In 2008-2009, WD achieved its overall Advocacy objectives, which centred on fostering technology commercialization, value-added goods production and export market development in order to develop and diversify the western Canadian economy. An advocacy strategy was refined in 2008 with assistant deputy ministers assigned as champions to advance WD's priorities of the Asia-Pacific Gateway and Corridor, foreign trade zones, inland ports, aerospace and defence procurement, and science and technology. In the PAC Evaluation, which surveyed

³² See footnote #13.

³³ See footnote #11.

³⁴ See footnote #11. Overall, 88 per cent of key informant respondents stated that WD Advocacy activities have contributed to decisions by other organizations that benefit economic policies and programs in the West.

³⁵ Approximately 66 per cent of all key informants indicate that they were aware of instances where WD positions taken with respect to national policies, programs and the government's capital procurement agenda contributed to advancing the West's interest.

WD's key informants in government business and non-government organizations, 88 per cent of respondents stated that WD's Advocacy activities have contributed to decisions by other organizations that benefit economic policies and programs in the West.

The Government of Canada's billion-dollar investment in the APGCI has created new potential for Western Canada's logistics sector and value-added goods production centres. WD continues to work with federal and other stakeholders to determine what value-added opportunities may result from the APGCI.

Through initiatives such as CentrePort and Port Alberta, the department began to learn about western Canadian stakeholders' interest in inland ports and foreign trade zones, and considered the need for advocacy to address these issues. With respect to inland ports, WD advocacy efforts were part of a larger strategy that led to the establishment by provincial legislation of an inland port in Winnipeg, CentrePort Canada Inc.

WD commissioned a [free trade zones](#) study to improve the understanding of the potential of foreign trade zones in promoting value-added global trade activity. The study is a useful tool in framing discussions with stakeholders, and informing WD's work to strengthen Western Canada's international trade and value-added opportunities.

WD advocacy in aerospace and defence procurement is an important element of the department's economic diversification efforts, generating benefits for the western economy, businesses, and institutions. As part of its overall effort in advocating for additional procurement from western Canadian suppliers, WD organized [supplier development missions](#) that enabled over 50 firms to market their capabilities to four major international defence contractors. Department officials also facilitated a number of other events highlighting the capabilities of western Canadian companies to national and international aerospace and defence contractors. Seventy-four per cent of business organizations surveyed in 2008 said that WD advocacy work contributed to improved awareness of defence procurement and federal procurement opportunities.

WD has also continued to highlight the difficult market conditions faced by Western Canada's forest industry and the need for economic adjustment programming in forest-dependent communities. This advocacy supported the creation of the federal Mountain Pine Beetle Program, including the [CEDI](#) and [AI](#) as well as the [Community Development Trust](#). Further assistance will be provided to various sectors through one of the two initiatives announced in Budget 2009, which will be delivered by WD in Western Canada: the [Community Adjustment Fund](#).

The PAC Evaluation cites the [Vaccine and Infectious Disease Organization/International Vaccine Centre \(VIDO/InterVac\)](#) initiative as an example of WD's success in the area of Advocacy. In addition, WD's advocacy efforts were successful in attracting [United Airlines flights](#) from Saskatoon and Regina to Denver and Chicago.

Lessons Learned

WD Advocacy activities have been successful in contributing to other organizations gaining an improved understanding of western Canadian economic issues. This improved understanding has resulted in other organizations encouraging economic development in Western Canada.

WD's advocacy efforts in interrelated areas such as APGCI, Mid-Continent Trade Corridor, foreign trade zones, and inland ports highlighted the importance of working collaboratively, sharing information, and approaching these issues strategically. While the PAC Evaluation showed that WD was successful in its Policy, Advocacy and Coordination activities, WD recognizes that its current organizational structure for these activities could be improved by clarifying departmental priorities, and the roles of the different WD offices, as well as by increasing internal coordination and communications. The department will be taking measures, consistent with the findings of the PAC Evaluation, to address these issues to harmonize and improve overall effectiveness of its advocacy efforts.

Strong research is necessary to support effective advocacy. WD's use of the foreign trade zone study as an advocacy tool demonstrated the importance of western Canadian-oriented research to inform and influence others to undertake initiatives for the benefit of Western Canada's economy. WD's efforts led to a comprehensive examination of current programming related to foreign trade zones, with a view to using it more effectively in support of western Canadian industry.

Program Activity: Research and Analysis

2008–2009 Financial Resources (\$ thousands)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
\$4,160	\$4,396	\$3,397	27	28	-1

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Improved understanding of western Canadian economic issues, challenges, opportunities and priorities	% of key informants with the opinion that WD Research and Analysis contributes to an improved understanding and awareness of western Canadian issues, challenges, opportunities and priorities ³⁶	55%	Exceeded	92%
	# of spokesperson and media references to WD economic research and analysis	20	Exceeded	66
	# of publications resulting from WD supported economic or policy research projects	4	Exceeded	18

Performance Analysis

WD's Research and Analysis activities in 2008-2009, contributed to improved understanding of western Canadian issues. In a survey of key informants undertaken as part of the PAC Evaluation, 92 per cent of respondents indicated that WD-supported and WD-conducted economic and policy research and analysis contributed to improved understanding of western Canadian economic issues, challenges, opportunities and priorities. Eighty-eight per cent of respondents stated that WD-supported and WD-conducted economic and policy research has contributed to decisions being made that support the development of Western Canada.

WD's Research and Analysis activities in 2008-2009, produced a number of valuable products including:

³⁶ See footnote #11.

- Research related to the development of a western Canadian gateway economy, undertaken through WD's allocation from the Government of Canada's \$1B APGCI, including research undertaken by the [Asia Pacific Foundation of Canada](#). This research identified success factors of international gateway economies and case studies of three industry sectors in Western Canada, which demonstrate how advanced services complement the physical installations of gateways and corridors;
- Studies undertaken through the Canada West Foundation's [Going for Gold project](#) explored a number of different issues that may impact the economic prospects and opportunities for Western Canada in the international arena; and
- WD commissioned a comparative analysis of 11 different [free trade zones](#) located in United States, Asia, Europe and South America, which will provide stakeholders with a better understanding of the types of programs and activities that encourage value-added production and enhance international trade.

Other previously funded research projects, which have produced valuable results include:

- [Airport Facility Study](#);
- [Winnipeg Cluster Study](#);
- [The Next West Project](#); and
- [Survey of Western Exporters](#).

Lessons Learned

Findings from the PAC Evaluation indicated that respondents would like WD to disseminate its research more widely. The department has been taking steps over the past year to enhance the profile of research activities supported by WD through strategic distribution, enhanced web site presence, and increased focus on internal dissemination. The changing economic circumstances in 2008-2009, also pointed to the importance of ensuring that research questions remain relevant in different economic circumstances. Maintaining a medium- to long-term perspective when undertaking research can be challenging when faced with rapidly changing economic circumstances.

SECTION III– SUPPLEMENTARY INFORMATION

Financial Highlights

The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of WD’s financial position and operations. WD’s financial statements can be found on its website at: <http://www.wd.gc.ca/>.

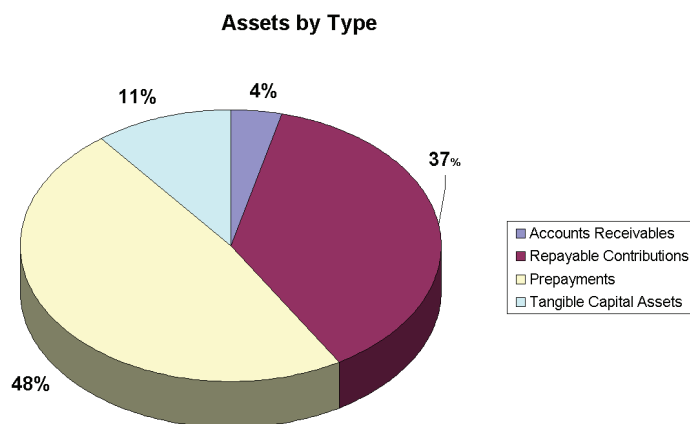
(\$ thousands)

Condensed Statement of Financial Position At End of Year (March 31, 2009)		% Change	2009	2008
ASSETS				
Total Assets		-8%	\$22,137	\$24,014
TOTAL		-8%	\$22,137	\$24,014
LIABILITIES				
Total Liabilities		-20%	\$114,683	\$143,542
EQUITY				
Total Equity		23%	\$(92,546)	\$(119,528)
TOTAL		-6%	\$22,137	\$24,014

(\$ thousands)

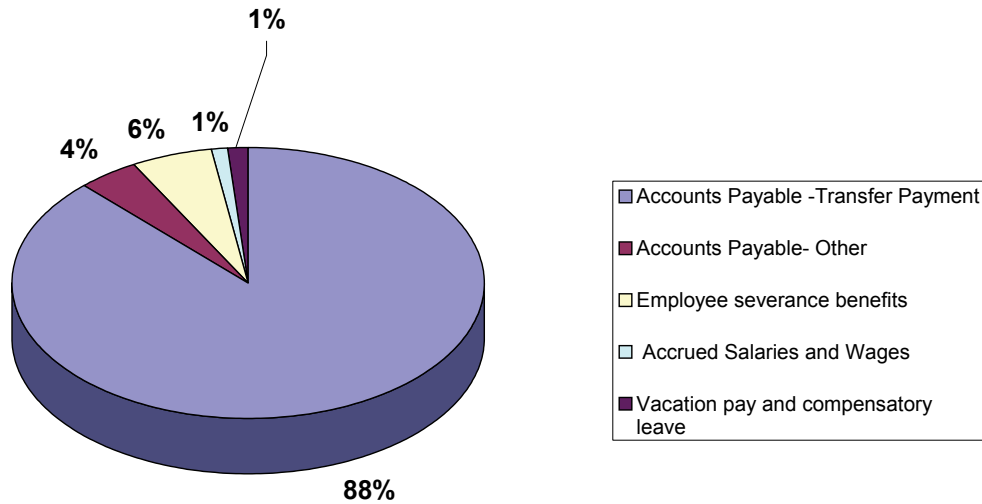
Condensed Statement of Financial Position At End of Year (March 31, 2009)		% Change	2009	2008
EXPENSES				
Total Expenses		-5%	\$242,539	\$255,512
REVENUES				
Total Revenues		-85%	\$1,569	\$10,621
NET COST OF OPERATIONS		-13%	\$240,970	\$244,891

Total Assets were \$22,137,000 at the end of 2008-2009, a decrease of \$1,877,000 (8 per cent) over the previous year’s total assets of \$24,014,000. Repayable contributions and prepayments (Loan and Investment Program) represent the largest portion of assets at \$18,926,000 or 85 per cent of total assets.



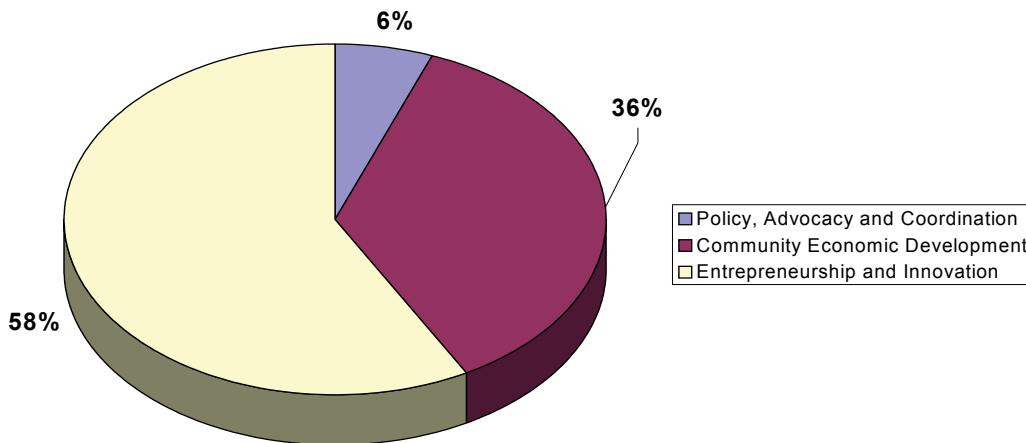
Total liabilities were \$114,683,000 at the end of 2008-2009, a decrease of \$28,859,000 (20 per cent) over the previous year's total liabilities of \$143,542,000. Transfer payments represent the largest portion of liabilities at \$100,786,000 or 88 per cent of total liabilities.

Liabilities by Type



Total expenses for WD were \$242,539,000 in 2008-2009. The majority of funds, \$140,554,000 or 58 per cent, were spent in fostering Entrepreneurship and Innovation, while fostering community economic development in Western Canada, represents \$87,565,000 or 36 per cent of total expenses.

Expenses - Where Funds Go



List of Supplementary Information Tables

All electronic supplementary information tables found in the 2008-2009 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp>.

Table 1: Sources of Respendable and Non-Respendable Revenue

Table 2: User Fees/External Fees

Table 3: Details on Transfer Payment Programs (TPPs)

Table 4: Up-Front Multi-Year Funding (formerly *Foundations (Conditional Grants)*)

Table 5: Horizontal Initiatives

Over the past year, Western Economic Diversification Canada was involved in the following horizontal initiatives as either the lead or the partner:

1. Western Economic Partnership Agreements (lead)
2. Infrastructure Canada Program (partner)
3. Canada Strategic Infrastructure Fund (partner)
4. Municipal Rural Infrastructure Fund (partner)
5. Canada Business Network (partner)
6. Economic Development Initiative (partner)

Table 6: Sustainable Development Strategy

Table 7: Green Procurement

Table 8: Response to Parliamentary Committees and External Audits

Table 9: Internal Audits and Evaluations

Table 10: 2008-2009 G&C Expenditures by Sub-program

(\$000s)	Collaboration and Coordination	Research and Analysis	Advocacy Community Economic Planning, Development and Adjustment	Infrastructure	Business Development and Entrepreneurship	Innovation	TOTAL
Western Diversification Program							
Alberta/Saskatchewan Centenaries	\$0	\$0	\$0	\$3,641	\$0	\$0	\$3,641
Regina Development Agreement	\$0	\$0	\$0	\$1,326	\$0	\$0	\$1,326
Saskatoon Development Agreement	\$0	\$0	\$0	\$2,582	\$0	\$0	\$2,582
Vancouver Development Agreement	\$0	\$0	\$0	\$704	\$0	\$0	\$704
Winnipeg Partnership Agreement	\$0	\$0	\$0	\$320	\$0	\$3,930	\$4,250
Employment Development Initiative	\$0	\$0	\$0	\$0	\$0	\$160	\$160
Entrepreneurs with Disabilities Program	\$0	\$0	\$0	\$17	\$1,235	\$0	\$1,252
Francophone Economic Development Organizations	\$0	\$0	\$0	\$1,096	\$1,096	\$0	\$2,192
Mountain Pine Beetle – Airport Improvements Initiative	\$0	\$0	\$0	\$13,816	\$0	\$0	\$13,816
Mountain Pine Beetle – Community Economic Diversification Initiative	\$0	\$0	\$0	\$6,114	\$0	\$0	\$6,114
National Programs	\$0	\$0	\$0	\$588	\$0	\$0	\$588
Official Languages - Internships	\$0	\$0	\$0	\$34	\$0	\$0	\$34
Official Languages - Pilot Projects	\$0	\$0	\$0	\$479	\$0	\$0	\$479

(\$000s)	Collaboration and Coordination	Research and Analysis	Advocacy Community Economic Planning, Development and Adjustment	Infrastructure	Business Development and Entrepreneurship	Innovation	TOTAL	
Conference Support	\$0	\$0	\$0	\$3	\$0	\$140	\$85	\$228
Canada/Saskatchewan Northern Development Agreement	\$0	\$0	\$0	\$1,753	\$0	\$0	\$0	\$1,753
Women's Enterprise Initiative	\$0	\$0	\$0	\$0	\$0	\$3,866	\$0	\$3,866
VIDO/Intervac	\$0	\$0	\$0	\$0	\$0	\$0	\$14,092	\$14,092
Western Diversification Program	\$0	\$923	\$0	\$5,939	\$0	\$13,653	\$43,773	\$64,288
Western Economic Partnership Agreement II	\$0	\$0	\$0	\$3,362	\$0	\$1,392	\$5,991	\$10,745
Western Economic Partnership Agreement III	\$0	\$0	\$0	\$0	\$0	\$0	\$2,120	\$2,120
TOTAL Western Diversification Program	\$0	\$923	\$0	\$41,774	\$0	\$21,382	\$70,151	\$134,230
TOTAL Loan and Investment Program	\$0	\$0	\$0	\$0	\$0	\$2,047	\$0	\$2,047
TOTAL CF Program	\$0	\$0	\$0	\$18,508	\$0	\$19,274	\$0	\$37,782
TOTAL Infrastructure Canada Program	\$0	\$0	\$0	\$0	\$12,950	\$0	\$0	\$12,950
TOTAL EXPENDITURES	\$0	\$923	\$0	\$60,282	\$12,950	\$42,703	\$70,151	\$187,009

Table 11a: Cumulative Impact of G&C Projects by Sub-Activity³⁷

Business Development and Entrepreneurship				
Sub-Activity	Goal	Performance Indicator	Number of Projects Reporting	Outcome Reported
1.1.1 Improved Business Productivity	Increase in SME competitiveness and productivity	% of client satisfaction with business services provided through funded projects	11	94%
		Number of jobs created or maintained	11	377
		Number of businesses created/maintained/expanded	21	582
1.1.2 Market/Trade Development	Increased participation in international markets	Number of industry association partnerships created	5	30
		Number of companies participating in export and market development initiatives	12	1,627
		Number of projects promoting participation in major international events	3	20
		Number of export-ready companies	2	28
1.1.3 Industry Collaboration	Increase in number of successful partnerships and strategic alliances	Number of partnerships/strategic alliances	14	87
1.1.4 Foreign Direct Investment	Increase in foreign investment in Western Canada	\$ in direct investment facilitated by WD	1	\$1,000,000
1.1.5 Access To Capital	Increased investment to targeted western Canadian firms	Capital funds provided	1	\$250,000
		Dollars leveraged	3	\$1,212,588
		Number of businesses created/maintained/expanded	4	9

³⁷ Includes all outcomes reported from April 1, 2005 - June 25, 2009, through Project Gateway. Excludes Unexpected Benefits, outcomes reported in draft stage, as well as outcomes of core funding of WCBSN members.
Analysis of Performance Activities by Strategic Outcome

Innovation				
Sub-Activity	Goal	Performance Indicator	Number of Projects Reporting	Outcome Reported
1.2.1 Technology Adoption and Commercialization	Increase in the number of technologies developed in research institutions with commercialization potential and increase in the number of technologies adopted by existing firms	Number of patents files/issued	5	51
		Number of technology demonstrations	9	147
		Number of technologies adopted	6	31
		Number of prototypes developed	8	59
		Number of technologies to market	5	26
		Venture capital \$ invested	2	\$11,000,000
1.2.2 Technology Linkages	Increased connections and synergies among innovation system members	Number partnerships/networks formed	10	94
		Number of attendees at funded conferences	14	820,581
		Number of new or incremental members of innovation associations	6	35,884
1.2.3 Technology Research and Development	Applied R&D leading to technologies with commercialization potential	Number of products or processes that are identified for further R&D	4	214
		Number of demonstrations of viability of technology	2	8
		Number of patents filed/issued	2	5
1.2.4 Community Innovation	Increased technological capacity in a community	Number of community planning studies that focus on building innovation capacity	7	15
		Number of skilled personnel engage in R&D through funded projects	8	913
1.2.5 Technology Skills Development	Increase in training, education, and skills building of highly qualified people	Number of people trained through training events	3	2,136
1.2.6 Knowledge Infrastructure	Increase in physical assets for R&D or training	Number of square meters dedicated to R&D and skills training	3	641
		Value of R&D undertaken for a 3-year period following completion of the new facility or equipment set-up	4	\$8,463,898
		Number of physical assets (buildings and equipment)	15	48
Community Economic Planning Development and Adjustment				
Sub-Activity	Goal	Performance Indicator	Number of Projects Reporting	Outcome Reported
2.1.1 Community Planning	Enhanced community planning	Number of activities providing planning leadership and expertise	21	65
		Number of instances facilitating community involvement	19	489
		Number of partnerships developed/maintained	14	224
2.1.2 Community Development	Increased viability and diversification of local economies	Number of instances of increased capacity in community organizations	37	966
		Number of enhanced community services or facilities	59	256
		Number of instances of increased community stability	21	44
		Number of people trained	37	4,189
		Number of jobs created or maintained	14	395
2.1.3 Community Economic Adjustment	Successful community adjustment to mitigate economic crises	Number of businesses created/maintain/expanded	6	93
		Number of public private partnerships	3	2
		Number of businesses created/maintained/expanded	3	103
		Number of participants trained	3	112

Policy, Advocacy and Coordination				
Program Activity	Goal	Performance Indicator	Number of Projects Reporting	Outcome Reported
Collaboration and Coordination	Better coordinated economic development activities and programs in the West	Improvement in geographic or target group program coverage	1	1
		Number of coordinated services offered	1	2
Advocacy	An improved understanding and awareness of western issues by federal policy makers and increased access to and participation in federal programs by the region	Number of western priorities accounted for in federal trade and investment policies	2	6
		Number of opinion editorials based on WD sponsored research	3	55
Research and Analysis	An enhanced dialogue around and understanding of western issues, challenges, opportunities and priorities	Number of program or policy decisions influenced by WD research	4	5
		Number of spokesperson and media references to reports	6	78

Table 11b: Cumulative Impact of Infrastructure Canada Program by Sub-Activity³⁸

Infrastructure Canada Program (cumulative outcomes)				
Sub-Activity	Goal	Performance Indicator	Outcome Reported	
2.2.1 Green Infrastructure	Improved green infrastructure	Increase in number of households with improved potable water quality	627,690	
		Increase in number of households with improved wastewater treatment (includes new connections to wastewater systems)	288,157	
		Increased composting and recycling of solid waste (number of metric tonnes per annum)	41,520	
		Improved energy efficiency of municipal buildings resulting in a reduction in electricity used (kWh per cubic meter)	4.3 million	
		Improved energy efficiency of municipal buildings resulting in a reduction in heating fuel used (BTU per cubic meter)	1.8 million	
2.2.2 Local Transportation Infrastructure	Better local transportation	Number of road and local transportation infrastructure improvements	277	
		Number of communities benefiting from safer roads and new or improved public transportation	400	
2.2.3 Other Infrastructure Priorities	Improved infrastructure such as recreation facilities, tourism, and rural telecommunications	Number of visits to cultural and recreation facilities improved through funded projects	19,300	
		Number of new tourism infrastructure	32	
		Number of communities benefiting from cultural, recreation, and tourism facilities	290	
		Increase in number of affordable house units	270	
		Increase in number of high-speed Internet access for local public institutions	168	

Other Items of Interest

In 2008-2009, WD worked with other federal departments to position funding for the [Economic Development Initiative \(EDI\)](#), as part of the federal [Road Map for Canada's Linguistic Duality 2008-2013: Acting for the Future](#). For more information about EDI, and WD's other efforts related to the *Official Languages Act*, please see:

[Status Reports on the Implementation of Section 41 of the Official Languages Act](#)

³⁸ Includes cumulative outcomes from October 2000 to March 31, 2009.