

# **Western Economic Diversification Canada**

**2007-2008**

**Report on Plans and Priorities**



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President of the Queen's Privy Council for Canada,  
Minister of Intergovernmental Affairs and  
Minister of Western Economic Diversification



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## **SECTION I – OVERVIEW**

## **Minister's Message**

### **Securing the Future for Westerners**

In 2007, Western Economic Diversification Canada (WD) marks 20 years of generating long-term prosperity and economic stability for western Canadians. For two decades we have championed the West's potential in the federal realm and enriched the West's economic success by supporting economic diversification and development to complement its rich abundance of natural resource wealth.



Over the last year, extensive consultations took place with western stakeholders and western caucus, resulting in a renewed focus on WD's economic mandate and initiatives that support long-term economic benefits for Western Canada.

In 2007-2008, we will continue to focus on stimulating a robust, resilient and diversified western economy. Mirroring many of the priorities outlined in the Advantage Canada Plan, the economic and fiscal update announced in November 2006, we will invest in activities that will increase the region's global competitiveness, value-added processing and manufacturing productivity. We will enable companies to bring new technologies to market and expand access to global markets. We will also contribute strongly to Canada's Asia-Pacific Gateway and Corridor Initiative through targeted investments in the West that build infrastructure and facilitate export opportunities. Continuing to nurture entrepreneurial acumen among westerners will remain a key priority.

Our core programs and services are designed to generate long-lasting and measurable growth in the West, ensuring Canadian taxpayers receive good value for their money. For example, WD's investment in the WestLink Innovation Network has been addressing the shortage of trained technology commercialization managers in Western Canada. The WestLink Technology Commercialization Internship Program provides science and technology graduates with intensive real-life experience in high-technology companies, university technology commercialization offices and venture capital firms. WestLink has been acknowledged nationally and internationally as a leader in developing the next generation of technology managers. Eighty eight per cent of these graduates are now employed in this specialized field, and most have remained in the West.

Through support for skills development and apprenticeship programs linked to the West's growing knowledge-based economy, we will broaden the capacity of urban and rural western communities, and provide opportunities for Aboriginal youth to actively participate in the West's burgeoning economy. Simultaneously, WD will promote the expansion of research and development of business clusters within vital growth sectors to further boost the West's knowledge-based economy.

Accelerating business growth and strengthening global competitiveness among the West's impressive network of small- and medium-size enterprises (SMEs) will continue to be a priority during 2007-2008. By working collaboratively with members in the Western Canada Business Service Network (WCBSN), other business service organizations and associations, we will improve access to risk capital, business services and global markets for SMEs.

WD takes pride in working strategically through mutually beneficial partnerships with other orders of government, academic institutions, private sector organizations, and the not-for-profit sector on projects and initiatives with long-term economic benefits that will secure the future for westerners.

By focusing on economic opportunity, WD seeks to address the unique challenges within each region, and is helping to build a solid foundation upon which Western Canada can grow and prosper. Through WD, Canada's New Government is committed to ensuring economic prosperity throughout Western Canada and for western Canadian families. By investing in the West, we are ensuring a stronger, more prosperous Canada.



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The Honourable Rona Ambrose, P.C., M.P.

## Management Representation Statement

I submit for tabling in Parliament, the 2007-2008 Report on Plans and Priorities (RPP) for Western Economic Diversification Canada.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- it adheres to the specific reporting requirements outlined in the Treasury Board Secretariat (TBS) guidance;
- it is based on the department's approved Program Activity Architecture (PAA) as reflected in its Management Resources and Results Structure (MRRS);
- it presents consistent, comprehensive, balanced and reliable information;
- it provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- it reports finances based on approved planned spending numbers from the Treasury Board Secretariat in the RPP.



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Oryssia J. Lennie  
Deputy Minister  
Western Economic Diversification Canada



## Summary Information

### Reason for Existence

Western Economic Diversification Canada's 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.
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### Financial Resources (thousands)

2007-2008	2008-2009*	2009-2010
\$269,082	\$191,443	\$187,195

\*The reduction in financial resources from 2007-2008 to 2008-2009 reflects the planned completion of Alberta and Saskatchewan Centenary projects and the Infrastructure Canada Program in 2007-2008.

### Human Resources

2007-2008	2008-2009	2009-2010
384	382	376

### Departmental Priorities

Name	Type <sup>1</sup>
1. Support for <b>business competitiveness and growth</b>	Ongoing
2. Improve <b>linkages between strategic infrastructure investments and economic development</b> initiatives	Updated commitment
3. Greater emphasis on supporting <b>commercialization and value-added production</b>	Updated commitment
4. Improve <b>international competitiveness and strengthen trade and economic corridors</b> of importance to the West	Ongoing
5. <b>Strengthen accountability, transparency, and performance reporting</b> with members of the Western Canada Business Service Network (WCBSN) and improve <b>coordination</b> among WCBSN members and other business and economic organizations	New
6. Implement a <b>modern management agenda</b> that focuses on improving management practices within the department including strengthening accountability to Canadians, integration of human resource planning and risk assessment with business planning, and improving information management	Ongoing

<sup>1</sup> A new priority is one being introduced for the planning period; an ongoing priority is considered to have no end date; an updated commitment is a previous priority that has been updated.

## Program Activities by Strategic Outcome

	Expected Results	Planned Spending (000's)			Contributes to the following priority
		2007-2008	2008-2009	2009-2010	
<b>Strategic Outcome:</b>	A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship & Innovation)				
Business Development & Entrepreneurship	The growth of small businesses in Western Canada and their improved capacity to remain competitive in the face of rising global competition.	57,786	58,170	54,268	1 - Business competitiveness & growth 2 - Linkages between strategic infrastructure investments and economic development 3- Commercialization and value-added production 5 - Strengthen accountability, transparency, and performance reporting
Innovation	An increase in knowledge-driven and value-added economic activities, built on both traditional and emerging industries, that creates a more diversified and resilient economy in Western Canada.	64,696	63,548	63,214	3- Commercialization and value-added production
<b>Strategic Outcome:</b>	Economically viable communities in Western Canada with a high quality of life (Community Economic Development)				
Community Economic Planning, Development and Adjustment	To ensure strong and viable communities in urban and rural areas of Western Canada capable of responding to challenges that hinder competitiveness, opportunities, and quality of life.	103,952	55,010	55,615	
Infrastructure	To improve and expand sustainable public infrastructure that enhances the quality of the environment and allows for long-term economic growth.	29,946	2,013	1,396	2 - Linkages between strategic infrastructure investments and economic development
<b>Strategic Outcome:</b>	Policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination)				
Collaboration & Coordination	Better coordinated economic development activities and programs in the West.	5,885	5,885	5,885	All program priorities
Advocacy	An improved understanding and awareness of western issues and increased access to and participation in federal programs by the region.	2,660	2,660	2,660	All program priorities
Research & Analysis	An enhanced dialogue around and understanding of western issues, challenges, opportunities and priorities.	4,157	4,157	4,157	All program priorities

## Overview

### The Role of Regional Development

Federal policies and programs to promote economic development have been an integral part of Canadian economic and industrial policy for many decades. The importance placed on regional development policy within Canada's federal system is reflected by the inclusion of regional development policy and objectives in Section 36 of the *Constitution Act, 1982*, which commits the federal and provincial governments to:

- promoting equal opportunities for the well-being of Canadians; and
- furthering economic development to reduce disparity in opportunities.

Federal regional development policies and approaches are rooted in the recognition that Canada is a vast and diverse country made up of a number of regions with distinct socio-economic characteristics, industrial structures and economic opportunities. They provide scope for tailored approaches within each region to take into account unique economic and industrial circumstances and to capitalize on regional strengths. Regional development initiatives often address gaps in programs and services at the national level, and provide an on-the-ground capacity to work with local and regional organizations and businesses to promote economic growth and development.

Since 1987, responsibility for federal regional development activities rests with three regional development agencies – Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions (CED-Q) and Western Economic Diversification Canada (WD). In Northern and rural Ontario, FedNor plays a role similar to that of the three regional development agencies; however, it is an organization within Industry Canada, not a separate department.

Initially created as a special operating agency in 1987, WD was established as a federal department, through the *Western Economic Diversification Act, 1988*. The department is responsible for economic diversification and development in the four western provinces: British Columbia (BC), Alberta (AB), Saskatchewan (SK), and Manitoba (MB).

### Western Opportunities and Challenges

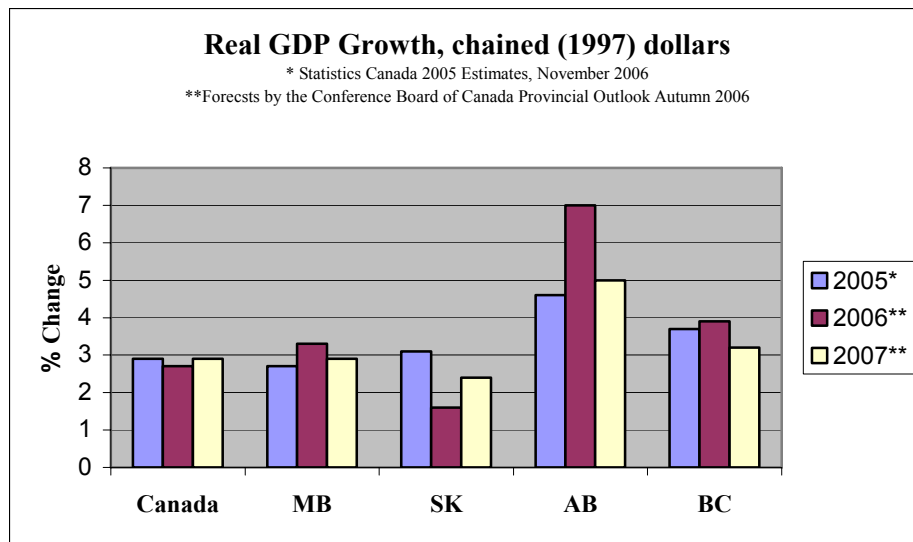
Since 2003, real Gross Domestic Product (GDP) growth in Saskatchewan, British Columbia and Alberta has met or exceeded the national growth rate, and the rate of real GDP growth in Manitoba has steadily increased. GDP growth in Alberta and British Columbia is forecast to continue to exceed the national average through 2007, with lower rates of growth in Saskatchewan and Manitoba.

British Columbia and Alberta are among the economic leaders in Canada. The energy sector continues to anchor Alberta's growth. Strong world commodity prices boosted corporate earnings and led to record levels of investment in exploration, development and the construction

of industrial facilities in 2006. British Columbia's economy is benefiting from the combined impact of high commodity prices, low interest rates driving demand for residential construction, and a series of major public infrastructure projects.

Economic growth rates in Saskatchewan and Manitoba have been more modest. High oil and natural gas prices have contributed to economic growth in Saskatchewan, as have other natural resources such as uranium and potash. Saskatchewan also has a growing ag-biotech sector to complement the province's traditional strength in agricultural production. In Manitoba, high levels of construction activity and a strong manufacturing sector are driving the economy, and construction rates are projected to remain strong in 2007. Manitoba will also benefit from a strong mining sector and alternative energy development.

Recently, strong global demand and high prices for commodities, have led to booming economies in Western Canada. Indeed, the western economy has increasingly anchored the Canadian economy. In

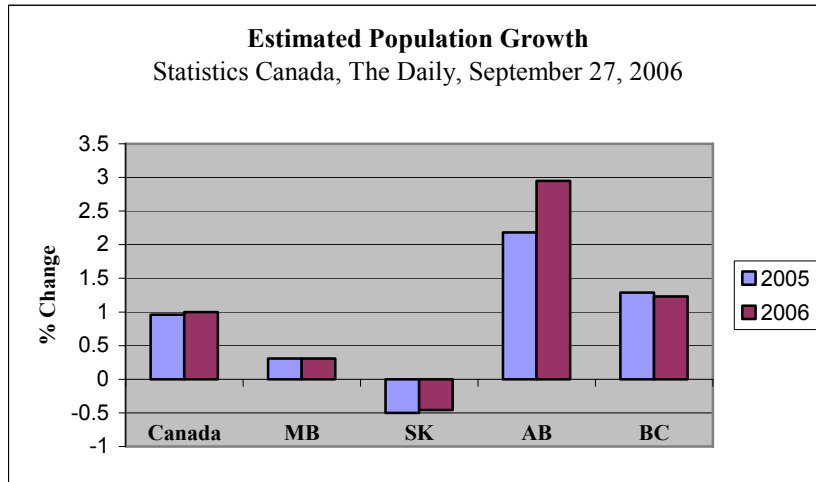


2005, for the first time, western exports of mineral fuels and oil exports (\$88 billion) exceeded exports from Ontario of motor vehicles and parts (\$78 billion).

However, this dependence on natural resources makes Western Canada vulnerable to volatility in the commodity markets. A larger proportion of Western Canada's GDP from goods producing industries is generated by agriculture, forestry and mining. Whereas the rest of Canada generates a greater proportion of GDP from goods producing industries from the manufacturing sector, Western Canada will be disproportionately affected when the current booming commodity markets flatten.

In addition to volatile commodity markets, resource dependent economies are more vulnerable to disruptions from trade disputes and natural disasters. This makes it particularly important to address the long-term economic sustainability of the region and underlies WD's strategic investments in supporting development and diversification of the economy of Western Canada.

Across Western Canada, labour shortages are cited as the most significant problem facing the economy. In 2005, unemployment rates ranged from a low of 3.9 per cent in Alberta to 5.9 per cent in British Columbia – all considerably below the national average of 6.8 per cent. The populations of the two most western provinces are growing due to immigration and the arrival of Canadians in search of jobs and higher wages. Despite this growth, neither province is able to meet the labour demands of their expanding economies. The populations of Manitoba and Saskatchewan have not grown



at the same pace as the rest of Canada and both provinces are facing serious labour shortages, in large part due to the inter-provincial migration.

The Aboriginal population is the youngest and fastest growing population group in Western Canada, and offers considerable opportunity to address some of the labour force constraints facing the West. The rate of labour force participation among the off-reserve Aboriginal labour force remains consistently lower than among the non-Aboriginal labour force, and the unemployment rate is higher. However, the Aboriginal population is becoming increasingly engaged in the labour market; from 2001 to 2005, labour force participation rates amongst the off-reserve Aboriginal labour force increased and the unemployment rate declined in all four western provinces. The degree to which these young people can be integrated into the labour force is an important factor in addressing labour shortages across Western Canada.

Other challenges to the region include the impact of the US slowdown on the forest products sector. Rising housing costs in Alberta and British Columbia may contribute to a slow-down in inter-provincial migration. Higher input costs are also impacting the manufacturing sector and squeezing profit margins in the agricultural sector.

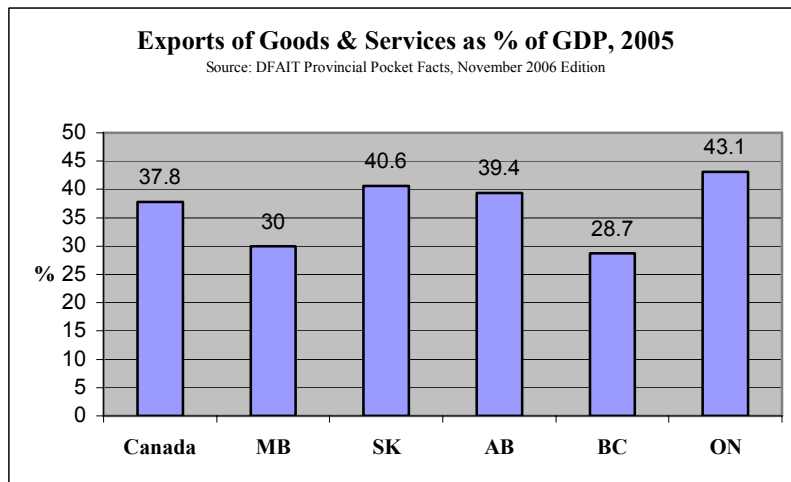
**The WD Response**

The ongoing challenge for Western Canada is to reduce the region’s reliance on primary resources. The current strong performance of resource driven sectors provides an opportunity for public and private investment that will diversify the economic base, hasten the transition to knowledge-driven industries, and increase the value-added and market penetration of western goods, services, and technologies. WD works in collaboration with provincial and municipal governments, other federal

*The ongoing challenge: develop and diversify the western economies to reduce reliance on primary resources*

departments, industry associations and not-for-profit organizations to develop and diversify the economy of Western Canada.

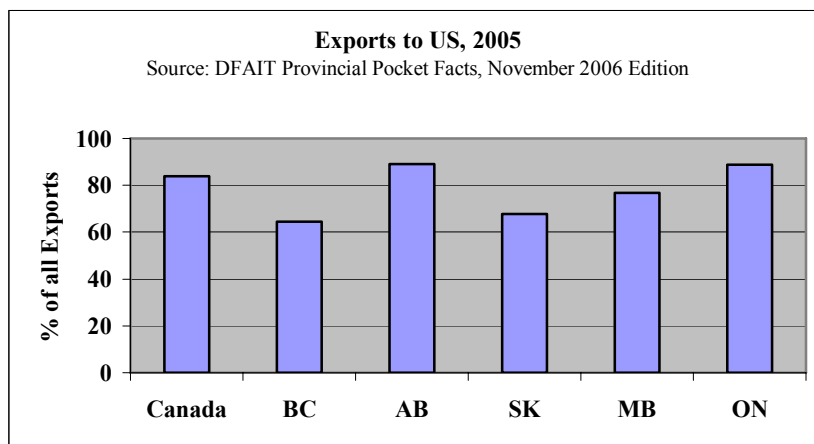
Innovation and technology are key factors in the West's economic development and diversification. They offer the potential for improved productivity in the primary resource sector. Innovation and technology will also make the West more competitive in the production and trade of value-added goods and services related to its natural resources. Looking beyond the traditional resource sectors, investments and policy approaches that promote innovation and technology growth and development will help all four western provinces capitalize on the expansion of knowledge-based industries such as the life sciences, environmental technologies, and information communications technology (ICT).



Canada is a trading nation; almost 38 per cent of Canada's GDP is from exports. In Western Canada, exports accounted for a low of 29 per cent of GDP in British Columbia, to a high of 41 per cent of GDP in Saskatchewan. However, the proportion of GDP from exports across the West is lower than in Ontario. Ensuring the long-term growth and development of the West will require a greater focus on

international trade and investment. It is crucial that western Canadian businesses, research institutions, and communities are internationally competitive.

Access to the US market will continue to be extremely important.

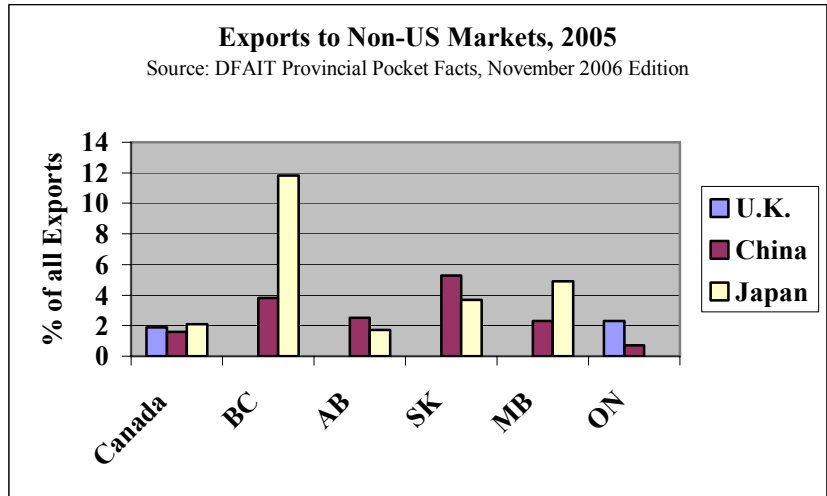


In 2005, 84 per cent of Canadian exports went to the US. The proportion of exports to the US from Alberta and Ontario were surprisingly consistent at approximately 89 per cent of all exports. However, the rate was much lower across the rest of Western Canada.

Beyond the US, there are a number of emerging international markets that are

opportunities for Canadian exporters. China and India are examples of economies that are currently demanding large quantities of raw materials; however, as incomes and standards of living within these countries grow there may be greater opportunities to export other goods.

Asian markets are already important for Western Canada; China and Japan, along with the US, are the top three export markets for the West. However, this differs in Ontario where exports to the UK were greater than exports to Japan. These differences highlight the importance of regionally targeted strategies to develop and expand export opportunities.



The western Canadian economies are challenged to position themselves competitively so they can benefit from new and emerging export opportunities. In 2007-2008, WD plans to concentrate on increasing western Canadian awareness of, and access to, Asia-Pacific markets through strategic investments in the Asia-Pacific Gateway and Corridor Initiative. The

department also plans to further strengthen trade with the US by expanding the range of information, advisory and market development tools and services available within the West about opportunities in the US and promoting the development of a mid-continent corridor leading to mid-western US markets and Mexico.

As the western Canadian economy develops and grows, cooperation between industry and government will be essential to attract, train and retain the supply of labour needed to meet the demands of the economy. Intra-regional competition for labour is not a viable solution. Initiatives that focus on training and skills development, that match industry needs with available labour supply, and that adopt new technologies and business practices to improve business productivity are all required.

The increased participation of Aboriginal youth in the western labour market would address a number of issues, ranging from meeting the demand for skilled labour to addressing some of the persistent economic and social challenges experienced by Canada's Aboriginal peoples.

WD is working with industry, sector associations, provincial governments and other federal departments to identify gaps and opportunities where WD can play a role in helping to address skilled labour shortages. The department has provided support for graduate internship programs and Aboriginal apprenticeship programs where the focus is on increasing the skills and number of knowledge workers in the West. Through these collaborative arrangements with many partners, WD continues to focus on niche opportunities that maximize its investment.

A diversified economy is the economic foundation upon which strong and viable cities and communities are built. WD has been a pioneer in the development and management of horizontal collaborative initiatives designed to strengthen western Canadian cities through

mechanisms such as joint investment in innovation centres, R&D infrastructure, and the tripartite urban development agreements.

Rural communities are faced with significant adjustments as they struggle with population decline, and resulting loss of economic opportunity. Governments and stakeholders are challenged to examine constructive approaches to these pressures including improving access by rural communities to business services and risk capital needed to diversify rural economies.

This Report on Plans and Priorities (RPP) demonstrates that WD's plans and priorities are aligned with these challenges and that the department is positioned to make a significant contribution to meeting them. Combined with the annual Departmental Performance Report, which provides detailed information on the department's spending and achievements, these documents demonstrate that WD is actively pursuing a long-range set of policies and investments that are having a positive impact on the economic performance and competitiveness of Western Canada.

## **Operating Environment**

WD was established in 1987 to provide a strong federal presence in the West and to lessen Western Canada's strong economic dependence on its natural resources. The *Western Economic Diversification Act, 1988*, gives the department a broad economic development and diversification, coordination and advocacy mandate to:

“promote the development and diversification of the economy of Western Canada and to advance the interests of Western Canada in national economic policy, program and project development and implementation.”

The department's main activities consist of providing grants and contribution funding for projects that contribute to WD's strategic outcomes. A range of programs are used to deliver on WD's mandate and these are described in more detail in Annex A, as well as on WD's website at: [http://www.wd.gc.ca/programs/default\\_e.asp](http://www.wd.gc.ca/programs/default_e.asp). WD posts listings of approved grants and contributions projects in excess of \$25,000 on the departmental website at the following address: [http://www.wd.gc.ca/gandc/default\\_e.asp](http://www.wd.gc.ca/gandc/default_e.asp).

WD relies upon its strong relationships with provincial governments, municipalities, universities and other post-secondary institutions, business associations, community economic development organizations, financial institutions, and the not-for-profit sector to deliver on its mandate effectively. Many of these relationships have resulted in formal agreements between two or more orders of government to deliver on joint priorities, such as the Western Economic Partnership Agreements (WEPAs), the Urban Development Agreements, and the Canada-Saskatchewan Northern Development Agreement. These agreements are sub-programs of WD's 'flagship' program, the Western Diversification Program, and are described in more detail on WD's website at the address noted above.

Small business growth and competitiveness is critical to the development and diversification of the western Canadian economy, and the department contributes to the success of small- and



medium-sized enterprises (SMEs) in the West by making resources available for them to grow their businesses. Rather than providing funding directly to individual businesses, the department works with industry or business organizations and other entities such as members of the Western Canada Business Service Network (WCBSN). WD provides operating funding to WCBSN members (Community Futures Development Corporations, Canada Business Service Centres, Women's Enterprise Centres, and Francophone Economic Development Organizations).<sup>2</sup> These organizations work with their respective communities, each other, and with other organizations to ensure that SMEs have access to information and capital.

## **Performance Measurement**

Any project being considered for approval must go through a rigorous due diligence exercise, and must contribute to one of WD's strategic outcomes. WD's performance measurement strategy includes relevant performance indicators for all program activities. Each project has measurable objectives that include one or more of these performance indicators. WD's collaboration and coordination and advocacy program activities do not generally involve project funding, as the activities often involve interventions by WD staff on Cabinet and interdepartmental issues. Reporting on the result of collaboration, coordination and advocacy activities presents additional challenges.

A continuing challenge for the department is to roll-up the results of these individual projects and activities. For example, while many projects contribute to the Business Development and Entrepreneurship program activity, their expected results are quite diverse, and in many cases the results may not occur until three to five years, or even longer, after the project was initially approved.

One segment of WD's performance measurement strategy is the reporting provided quarterly by members of the WCBSN. They provide statistics such as the number and dollar value of loans made, and other information such as the number of clients provided with information and other business services. A departmental priority in 2007-2008 will be to continue to work with WCBSN members to strengthen this performance reporting, as well as work to enhance transparency, accountability and collaboration.

WD also undertakes program evaluations and impact studies to assess the degree to which key programs succeed in contributing to the department's outcomes. These documents are available at [http://www.wd.gc.ca/rpts/audit/default\\_e.asp](http://www.wd.gc.ca/rpts/audit/default_e.asp). A key undertaking in 2007-2008 will be the evaluation of WD's flagship program – the Western Diversification Program (WDP).

In the coming year, the department will continue to work on refining its performance measurement strategy in order to better demonstrate results for the resources provided.

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<sup>2</sup> Further information on each of these organizations is available at [http://www.wd.gc.ca/serv/default\\_e.asp](http://www.wd.gc.ca/serv/default_e.asp).

## **A Renewed Vision for Western Economic Diversification Canada**

During the summer of 2006, consultations with key western stakeholders were undertaken to examine the West's current and future challenges and opportunities, and to consider how WD can best support and add value to long-term growth and competitiveness in the West. As a result of these discussions, the department is re-defining its strategic framework to focus efforts in the following areas:

- a diversified economy;
- business growth and competitiveness; and
- strong economic foundations.

The foundation of this framework is WD's Treasury Board approved Program Activity Architecture (PAA), which has the following Strategic Outcomes:

- a competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship and Innovation);
- economically viable communities in Western Canada with a high quality of life (Community Economic Development); and
- policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination).

To ensure that WD's efforts are focused on achieving these strategic outcomes and thereby contributing to the renewed vision for the department, six priorities have been identified for the 2007-2008 fiscal year.

### **Departmental Priorities**

#### **1. Support for business competitiveness and growth**

To support the growth and competitiveness of western Canadian small business, WD will focus on:

- improving access to risk capital and business services to SMEs through programs and services offered in conjunction with other business services organizations and associations, to improve general availability, coordination and collaboration on investments and service delivery; and
- working with western Canadian business, industry and research organizations to undertake systemic initiatives to enhance business productivity and competitiveness. Activities supported by WD in this area may include promoting awareness and adoption of new management and business practices (i.e. lean manufacturing), access to supply chains, creation of business networks and access to skilled labour.

2. Improve **linkages between strategic infrastructure investments and economic development** initiatives

WD will make strategic investments in the economic and business infrastructure of the West, in partnership with public and private sector partners, that support the department's objectives of economic diversification and small business growth and competitiveness. Examples of these investments include the Asia-Pacific Gateway and Corridor Initiative, Mid-Continent Corridor, Wood Buffalo region, northern corridor development and tourism infrastructure that addresses a recognized gap and has a significant economic impact on the region. The department will place greater emphasis on support for initiatives that are multi-regional or pan-western in nature.

3. Greater emphasis on supporting **commercialization and value-added production**

WD will focus on:

- supporting the creation and growth of knowledge-based research and development (R&D) and business clusters and commercialization of new products, technologies and services in sectors within Western Canada that are outside the traditional resource-based sectors. Activities supported may include information and communications technology (ICT)/wireless, health industries, biotechnology, environmental technologies, ocean technologies, and the commercial application of cross-sectoral platform technologies such as nanotechnology and light synchrotron;
- increasing value-added production in resource and manufacturing sectors of the economy by supporting systemic or industry-wide initiatives in priority sectors to introduce new products, technologies, or innovations to existing production and processes; and
- promoting rural diversification through support for projects that will increase the capacity in rural areas to undertake applied R&D and value-added production and encourage new opportunities emerging for economic diversification and development linked in the northern regions of western provinces.

4. Improve **international competitiveness and strengthen trade and economic corridors** of importance to the West

The department will deliver on this priority by supporting trade and investment promotion activities focused on developing Asia-Pacific and continental trade corridors and links, and offering programs and services to SMEs to help new investment attraction and market penetration of western Canadian technologies, service and value-added products to key western Canadian target markets such as the United States and Mexico, and the Asia-Pacific region.

5. **Strengthen accountability, transparency, and performance reporting** by members of the Western Canada Business Service Network and improve **coordination** among WCBSN members and other business and economic organizations

During 2007-2008, WD will work with members of the WCBSN to collaborate on initiatives that will strengthen performance reporting, increase accountability to the communities served by the members, and increase transparency of operations. WCBSN members collaborate with WD and other business and community service providers in providing services to SMEs and their communities. WD will work with members to explore possibilities for new and innovative opportunities for enhanced collaboration, based on existing best practices.

6. Implement a **modern management agenda** that focuses on improving management practices within the department including strengthening accountability to Canadians, integration of human resource planning, risk assessment with business planning, and improving information management.

During 2007-2008, WD will continue to focus on implementing human resources modernization. The department is continuing to improve its efforts to incorporate human resource planning into all unit and regional plans, and the Report on Plans and Priorities. WD is piloting a succession-planning model in the Manitoba region, and depending on results, will implement it across the department.

WD is implementing an Integrated Risk Management (IRM) Framework to continue to manage risk and contribute to solid strategic decision-making. A comprehensive Corporate Risk Profile was created in December 2006 that highlights risk issues within the department. During 2007-2008, WD will communicate and manage the risks identified in the Corporate Risk Profile. WD will also systematically scan its business environment to understand, manage, and communicate new risks as they arise. The department will provide risk management information, tools and training within an IRM Framework and communicate and monitor IRM information throughout the department through a variety of clear, efficient and innovative vehicles.

**SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY  
STRATEGIC OUTCOME**

**Strategic Outcome:** Entrepreneurship and Innovation

## **A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship & Innovation)**

Program Activity: **Business Development and Entrepreneurship**

Expected Result: the *growth* of small businesses in Western Canada and their improved capacity to remain *competitive* in the face of rising global competition.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$57,786	\$58,170	\$54,268
<b>Human Resources (FTEs)</b>	131	127	127

This program activity contributes to the following departmental priorities:

support for <b>business competitiveness and growth</b> ;
improve <b>international competitiveness and strengthen trade and economic corridors</b> of importance to the West; and
<b>strengthen accountability, transparency, and performance reporting</b> by members of the Western Canada Business Service Network (WCBSN) and improve <b>coordination</b> among WCBSN members and other business and economic organizations.

### ***Business Growth and Competitiveness***

WD's activities are resulting in improved access to business information, training, business advisory services and capital for all western Canadian SMEs, including those located in rural communities.

WD recognizes the critical importance that SMEs play in the western Canadian economy. Approximately one half of jobs in the West occur in establishments with less than 50 employees. The number of small businesses per capita in Western Canada is 30 per cent higher than in the rest of Canada.<sup>3</sup>

There also are comparatively fewer large companies outside of the predominantly foreign-owned resource industries and fewer head offices or private R&D facilities within Western Canada that

<sup>3</sup> Western Centre for Economic Research, "Revisiting Portraits of Small Business Growth and Employment in Western Canada", <http://www.bus.ualberta.ca/wcer/pdf/86eng.pdf>

could serve as a catalyst and source for new investment or commercially-driven research discoveries and which could provide an anchor for R&D and new business growth.

Western Canada, and Canada more generally, represent comparatively small and high-cost economies and markets within a global marketplace that is witnessing the rise of significant new and low-cost competitors from several regions of the world. As a trade dependent region, western Canadian businesses are facing new challenges in remaining competitive and securing access to international markets.

This leaves Western Canada's business structure vulnerable to competitive pressures and the emergence of new commercial practices and trends in the global economy. These include outsourcing, corporate concentration through mergers and acquisitions, and intense competition for domestic and export markets, investment and skilled labour.

Statistics Canada research concludes that the slower rate of diffusion of best-practice technology in Canada is the primary reason for Canada's declining productivity in the past twenty years. This is especially true of Western Canada, where, with the exception of Alberta, the growth in manufacturing excellence has not kept pace with other regions of the country. Canada's focus on technology commercialization has meant limited resources for increasing productivity and competitiveness of manufacturers and exporters.<sup>4</sup>

Addressing these challenges by ensuring that western Canadian industry is able to take advantage of new opportunities in high-growth markets requires an aggressive strategy to develop a more competitive, productive and expanded business sector in Western Canada. This strategy must help western Canadian industry and R&D organizations to secure and expand their position in US markets, to identify and access niche markets and become a part of global supply chains within the rapidly growing Asia-Pacific market. Development of a strategy to improve international competitiveness and strengthen trade and economic corridors of importance to the West is a priority for WD for 2007-2008.

To enhance overall support for trade and market development, WD partners with other federal departments, the provincial governments and local organizations to work with western Canadian industry groups and associations to improve their export readiness and to support market development activities directed primarily at key US and Asia-Pacific markets.

WD works to achieve results that support small business growth in the West primarily by providing assistance to industry or business associations for projects that have systemic benefits, or through third-party delivery organizations such as financial institutions, or through the more than 100 offices of the Western Canada Business Service Network. Links to organizations affiliated with the WCBSN can be found at: [http://www.wd.gc.ca/serv/default\\_e.asp](http://www.wd.gc.ca/serv/default_e.asp). Leveraging of service and capital support for entrepreneurs is key to WD's business development strategy.

A 2004 Statistics Canada Survey on Financing of Small- and Medium-sized Enterprises found that 20 per cent of SMEs cited obtaining financing as an obstacle to business growth. Those

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<sup>4</sup> "A Frontier Approach to Canada-United States Multifactor Productivity Performance," Statistics Canada, April 3, 2003.

more likely to experience difficulties in obtaining financing included innovative businesses (40 per cent), young enterprises - defined as those that started operation in 2002 (34 per cent), exporters (29 per cent), and manufacturers (27 per cent).

WD has created new and alternative sources of capital for SMEs by working closely with capital providers to create a specialized series of loan agreements under the Loan and Investment Program. These loan funds target industry sectors important to Western Canada, including micro-lending and other target groups, and provide patient and flexible debt capital on terms especially suited to the unique needs and cash flow requirements of these small businesses. Loans are approved on commercial terms by capital providers, such as chartered banks, credit unions, trust companies, and others, who use their own capital and make lending decisions using their own expertise while sharing the increased risk with WD.

Another source of capital for SMEs in the West is the loan funds that WD has provided to most members of the WCBSN. These loan funds enable network members to provide repayable loans to SMEs in rural areas, and to those operated by women, francophones, young entrepreneurs or those with disabilities. WD's network members also provide SMEs with path finding services and referrals to alternative sources of financing. One of WD's priorities for 2007-2008 is to strengthen accountability, transparency and performance reporting by members of the WCBSN and improve coordination among WCBSN members and other business and economic organizations.

The following table illustrates the **key** Transfer Payment Programs the department utilizes to support the expected results of this program activity:

<b>Key Programs*</b>	<b>Financial Resources (000's)</b>		
	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Western Diversification Program (WDP)	\$23,900	\$24,200	\$24,100
Community Futures Program	\$13,700	\$13,900	\$14,200
Loan and investment Program	\$3,500	\$3,500	\$3,500

\* Appendix A provides descriptions of these key programs.

The WDP has a number of sub-programs that support this program activity, and further information on these sub-programs such as the Western Economic Partnership Agreements, the Canada-Saskatchewan Northern Development Agreement, the Women's Enterprise Initiative, and the Urban Development Agreements, can be found at [http://www.wd.gc.ca/programs/default\\_e.asp](http://www.wd.gc.ca/programs/default_e.asp).



**Program Activity Name: Innovation**

Expected Result: an increase in knowledge-driven and value-added economic activities, built on both traditional and emerging industries, that creates a more diversified and resilient economy in Western Canada.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$64,696	\$63,548	\$63,214
<b>Human Resources (FTEs)</b>	97	102	101

This program activity contributes to the following departmental priority:

greater emphasis on supporting **commercialization and value-added production**

***A Diversified Economy***

To promote economic diversification and the value of the West's economic output, WD will focus on:

- supporting the creation and growth of knowledge-based R&D and business clusters in sectors within western Canada outside the traditional resource-based sectors such as information communications technology (ICT)/wireless, health industries, biotechnology, environmental technologies, ocean technologies and the commercial application of cross-sectoral platform technologies such as nanotechnology and light synchrotron;
- increasing value-added production in resource and manufacturing sectors of the economy by supporting systemic or industry-wide initiatives in priority sectors to introduce new products, technologies, or innovations to existing production and processes; and
- promoting rural diversification through support for projects that will increase the capacity in rural communities to undertake applied R&D and value-added production and encourage new opportunities for skilled employment.

The development, commercialization, application and adoption of technology are the primary means to a more diversified economy. Broadly, these activities are referred to as innovation, the translation of knowledge into economic benefits. During the 2007-2008 fiscal year, WD's priorities under this strategic objective are:

- technology commercialization and adoption leading to an increase in the number of technologies developed in research institutions that have commercialization potential, and an increase in technologies adopted by existing firms;

- rural innovation leading to increased technological capacity and diversification in a community; and
- technology skills development leading to an increase in training, education and skills building of highly qualified people.

In addition, on a case-by-case basis, WD will support the development of technology-based clusters through strategic investments in:

- knowledge infrastructure to increase the capacity underlying a cluster;
- technology linkages to increase connections and synergies among innovation system (cluster) members; and
- technology R&D (applied research) leading to technologies with commercialization potential.

WD will continue to work with other stakeholders including the not-for-profit sector, academic/industry consortiums, industry associations and other levels of government to diversify the economy of the West both through provincial initiatives and multi-jurisdictional or pan western approaches.

The following table illustrates the **key** Transfer Payment Program the department utilizes to support the expected results of this program activity:

<b>Key Program*</b>	<b>Financial Resources (000's)</b>		
	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Western Diversification Program	\$55,900	\$54,300	\$54,100

\* Appendix A provides a description of key programs.

The WDP has a number of sub-programs that support this program activity, and further information on these sub-programs such as the Canada Foundation for Innovation Support Program, the Western Economic Partnership Agreements, the Canada-Saskatchewan Northern Development Agreement, and the Urban Development Agreements, can be found at [http://www.wd.gc.ca/programs/default\\_e.asp](http://www.wd.gc.ca/programs/default_e.asp)

**Strategic Outcome:** Community Economic Development

## **Economically viable communities in Western Canada with a high quality of life (Community Economic Development)**

**Program Activity Name:** Community Economic Planning, Development and Adjustment

Expected Result: to ensure strong and viable communities in urban and rural areas of Western Canada capable of responding to challenges that hinder competitiveness, opportunities, and quality of life.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$103,952	\$55,010	\$55,615
<b>Human Resources (FTEs)</b>	52	50	50

Note: On behalf of the Government of Canada, WD was responsible for delivering \$92 million in funding for capital legacy projects in Saskatchewan and Alberta to commemorate their centenaries in 2005. The decline in planned spending from 2007-2008 to 2008-2009 reflects the planned completion of these projects.

Despite the West's strong overall economic performance, many communities and regions continue to face challenges in attracting investment and realizing potential opportunities. Others, because of the rapid growth, have to contend with managing that growth in ways that ensure that the growth is sustained over the long run. WD plays a key role in addressing these issues in the West by forging partnerships among governments, community organizations and other stakeholders that combine strengths and resources to create collaborative solutions to these issues in ways that can be maintained in spite of global economic pressures.

Under this program activity, the department will focus on:

- initiatives that allow communities to sustain their economies and adjust to changing and often very challenging economic circumstances;
- facilitating economic recovery from depressed economic circumstances; and
- working collaboratively with members of the WCBSN to carry out Aboriginal economic development and other community economic development initiatives.

During the fiscal year, the department will make strategic investments in the economic and business infrastructure of the West - in partnership with public and private sector partners - that support the department's objectives of economic diversification and small business growth and competitiveness. Examples of these investments include the Asia-Pacific Gateway and Corridor Initiative, Mid-Continent Corridor, Wood Buffalo region, and tourism infrastructure that addresses a recognized gap and has a significant economic impact on the region. The department will place greater emphasis on support for initiatives that are multi-regional or pan-western in nature.

The department will also promote rural diversification through support for projects that will increase the capacity in rural communities to undertake value-added production and encourage new opportunities for skilled employment. In urban areas, WD has played a key role in leading federal horizontal coordination. WD investments will be focused on activities that result in economic development and growth. WD will also continue to support projects that enhance Aboriginal participation in the mainstream economy.

The following table illustrates the **key** Transfer Payment Programs the department utilizes to support the expected results of this program activity:

<b>Key Program*</b>	<b>Financial Resources (000's)</b>		
	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Western Diversification Program	\$75,400	\$29,500	\$29,900
Community Futures Program	\$13,700	\$13,900	\$14,200

\*Appendix A provides a description of key programs.

The WDP has a number of sub-programs that support this program activity, and further information on these sub-programs such as the Western Economic Partnership Agreements, the Canada-Saskatchewan Northern Development Agreement, and the Urban Development Agreements, can be found at [http://www.wd.gc.ca/programs/default\\_e.asp](http://www.wd.gc.ca/programs/default_e.asp)

**Program Activity Name: Infrastructure**

Expected Result: to improve and expand sustainable public infrastructure that enhances the quality of the environment and allows for long-term economic growth.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$29,946	\$2,013	\$1,396
<b>Human Resources (FTEs)</b>	16	15	10

Note: WD delivers the Infrastructure Canada Program (ICP) in Western Canada and both grants and contributions (G&C), and operations and maintenance (O&M) funding is included in WD's resource allocations for 2007-2008. The decrease in funding from 2007-2008 to future years reflects the winding down of the ICP, which ends March 31, 2008. WD delivers the Municipal Rural Infrastructure Fund and Canada Strategic Infrastructure Fund on behalf of Infrastructure Canada and O&M funding for both of these funds is included in WD's resource allocations from 2007 – 2009. G&C resource allocations for MRIF and CSIF are included in the RPP of Infrastructure Canada.

This program activity contributes to the following departmental priority:

improve **linkages between strategic infrastructure investments and economic development initiatives**

In 2007-2008, WD will be involved in the delivery of three infrastructure programs.

The Infrastructure Canada Program (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. All project approvals under the program were completed by June 2005, however the program was extended until March 31, 2008, to allow for the completion of all projects.

With a primary focus on communities with less than 250,000 people, the Municipal Rural Infrastructure Fund (MRIF) improves and increases the stock of core public infrastructure in areas such as water, wastewater, solid waste management, public transportation, cultural, recreation, tourism and connectivity. The Canada Strategic Infrastructure Fund (CSIF) complements the ICP and MRIF in that it addresses infrastructure projects that are regional priorities, but exceed the scope and capacity of the other infrastructure programs. In its role in administering MRIF and select CSIF projects, WD will manage contribution agreements, review claims, and monitor projects.

WD's infrastructure activities for the coming year will include:

- administration of the ICP and the program's sunset by March 31, 2008;
- delivery of MRIF in the West;
- administration of approved CSIF projects including the Winnipeg Red River Floodway (\$162 million), Winnipeg Wastewater Treatment System (\$42 million), Saskatoon South Downtown Redevelopment (\$13.7 million), Saskatchewan's Regional Rural Water Supply Systems (\$27.3 million), Regina's Urban Revitalization projects(\$14 million), and Vancouver's Convention and Exhibition Centre (\$222.5 million); and
- collaborating with Infrastructure Canada in the audit of the CSIF management control framework for specific projects.

The following table illustrates the **key** Transfer Payment Program the department utilizes to support the expected results of this program activity:

<b>Key Program*</b>	<b>Financial Resources (000's)</b>		
	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Infrastructure Canada Program	\$28,000	-	-

\* Appendix A provides a description of key programs. MRIF and CSIF G&C resource allocations are included in the RPP of Infrastructure Canada.

**Strategic Outcome:** Policy, Advocacy and Coordination

## **Policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination)**

### ***Strong Economic Foundations***

WD's Policy, Advocacy and Coordination function includes a range of activities designed to build a strong economic foundation in Western Canada. These activities result in effective strategies, policies and programs that address the economic development needs, opportunities, and aspirations of Western Canada.

### **Program Activity Name: Collaboration and Coordination**

Expected Result: better coordinated economic development activities and programs in the West.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$5,885	\$5,885	\$5,885
<b>Human Resources (FTEs)</b>	40	40	40

This program activity contributes to all departmental priorities.

WD takes a leadership and coordinating role in identifying economic challenges and opportunities for the West, and in developing a federal response either through the investment of its own resources or by working with other appropriate federal departments and agencies. The department acts as a champion and advocate for federal and intergovernmental collaboration to address key impediments to long-term growth and diversification and promote coordination in areas of federal or shared federal-provincial jurisdiction, such as labour shortages, border access, regulatory harmonization, inter-provincial and intergovernmental trade.

WD will continue to organize and coordinate events with other levels of government, other federal departments, industry (in particular industry associations), academic institutions, and the not-for-profit sector to discuss, plan, develop, and implement policies, programs, and initiatives that promote the development and diversification of the western economy.

**Program Activity Name: Advocacy**

Expected Result: an improved understanding and awareness of western issues by federal policy makers and increased access to and participation in federal programs by the region.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$2,660	\$2,660	\$2,660
<b>Human Resources (FTEs)</b>	20	20	20

This program activity contributes to all departmental priorities.

An important part of WD's mandate is to advance the interests of Western Canada in national economic policy, program, and project development and implementation. In fulfilling this mandate, WD frequently acts as a champion for new federal initiatives and projects in the West that would support long-term economic development and diversification. Working within federal policy and decision-making structures, WD strives to ensure the views and concerns of western Canadians are taken into account in the development of national policies, priorities and programs.

Specific examples of WD's advocacy efforts include:

- intervening in and providing western perspectives and input into submissions to Cabinet based on an assessment of western-oriented items on the Cabinet Agenda;
- working on behalf of western Canadian firms and industries seeking to access government programs such as major Crown projects, granting council funding, Canada Foundation for Innovation initiatives, and funding offered by other federal departments and agencies;
- establishing and participating in western-based consultation forums such as the federal-provincial Deputy Ministers' Economic Development forum, Senior Western Innovation Officials forum, as well as the Federal Councils in each province;
- advocating in support of specific regional projects or issues such as WD's work in advocating for the mid-continent corridor, Intervac (one of the largest vaccine research laboratories in North America, which will be owned and operated by the University of Saskatchewan), and support for communities affected by the Mountain Pine Beetle; and
- engaging western Canadian stakeholders in the development and implementation of national priorities, such as the Asia-Pacific Gateway and Corridor Initiative.

In 2007-2008 the department will refine its Advocacy Strategy and implement an Advocacy Agenda focused on the highest priority advocacy items. This agenda will be reviewed and implemented annually, in 2007-2008 WD's advocacy activities will focus on ensuring that:

- Western Canada's interests are promoted abroad through Government of Canada trade and investment activities under the federal government's Global Commerce Strategy;
- national programs aimed at enhancing research and development and technology commercialization offer appropriate access to western Canadians; and
- a strong western Canadian presence and influence in the development and implementation of initiatives to promote Asia-Pacific trade and economic opportunities, and the Asia-Pacific Gateway and Corridor Initiative.

**Program Activity Name: Research and Analysis**

Expected Result: an enhanced dialogue around and understanding of western issues, challenges, opportunities and priorities.

	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Financial Resources (\$thousands)</b>	\$4,157	\$4,157	\$4,157
<b>Human Resources (FTEs)</b>	28	28	28

This program activity contributes to all departmental priorities.

WD supports research, consultations, feasibility studies and other related activities to improve understanding of the western Canadian economy and to focus on specific economic challenges and opportunities in the West. These activities also contribute to the department's policy development activities and identify immediate or pending issues on which WD will need to consider an advocacy role.

Many of WD's policy research activities and outputs foster increased regional collaboration among economic development stakeholders in Western Canada and the development of pan-western perspectives and approaches to policy issues.

Research priorities for 2007-2008 include:

- analysis of western challenges, opportunities and factors affecting regional prosperity; regional trade and investment patterns;



- development of a clear, coordinated public policy plan that will ensure Western Canada achieves long-term success in the global economy;
- analysis of opportunities for and barriers to small business in participating in export markets;
- an analysis of economic sectors pertinent to the current and future western economy (with particular emphasis on health innovation as a potential economic driver);
- analysis of barriers to addressing labour shortages in Western Canada; and
- research to support policy development in national or international forums such as factors contributing to regional competitiveness.

The following table illustrates the **key** Transfer Payment Program the department utilizes to support the expected results of this program activity:

<b>Key Program*</b>	<b>Financial Resources (000's)</b>		
	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Western Diversification Program	\$600	\$600	\$600

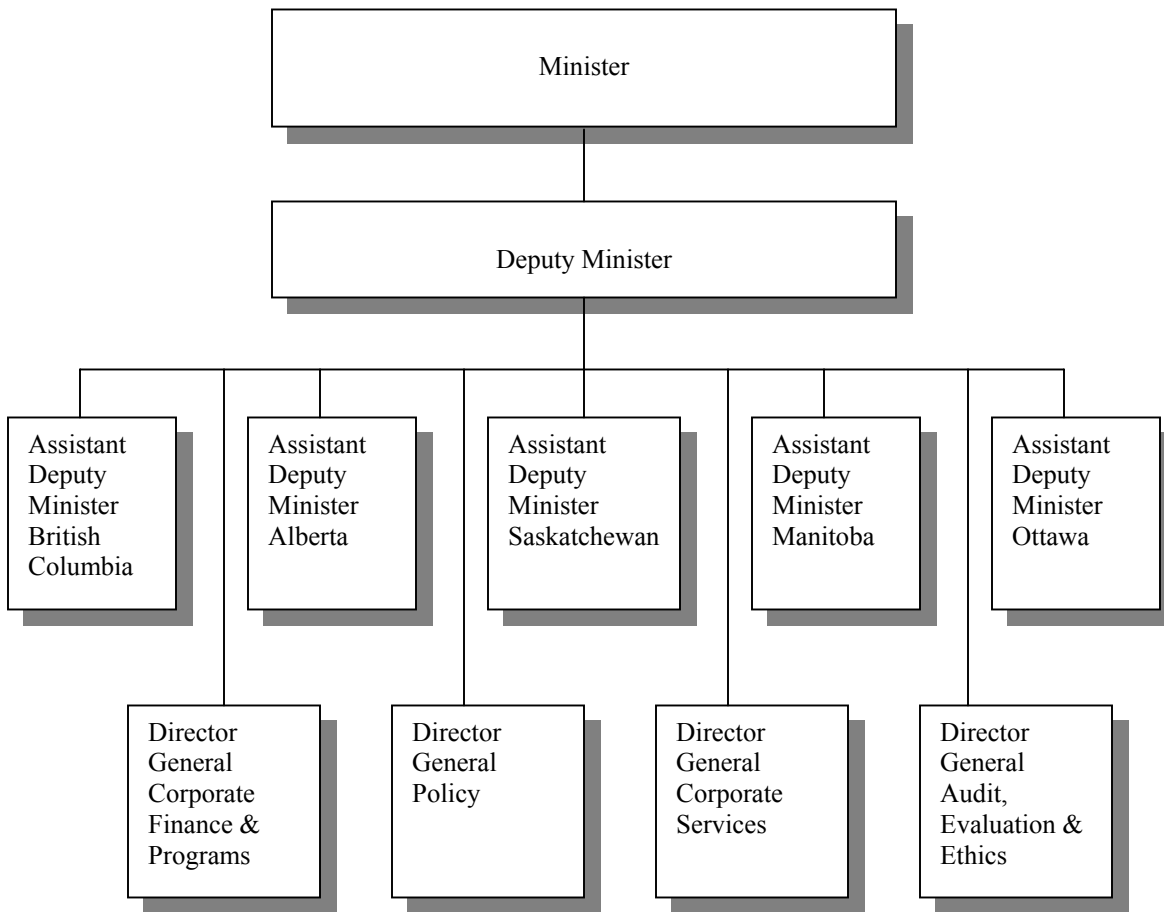
\* Appendix A provides a description of key programs.

## **SECTION III – SUPPLEMENTARY INFORMATION**

## Organizational Information

The department's Head Office is located in Edmonton, Alberta, co-located with the Regional Office for Alberta. Regional offices are located in each of the other western provinces - Winnipeg, Saskatoon and Vancouver - with a liaison office in Ottawa. Regional satellite offices also exist in Calgary and Victoria. The department's Deputy Minister is located in Edmonton, and Assistant Deputy Ministers are located in Vancouver, Edmonton, Saskatoon, Winnipeg and Ottawa.

### Western Economic Diversification Canada Organization Structure



## **Accountability**

The Minister of Western Economic Diversification, the Honourable Rona Ambrose, is responsible for WD policies and programs that are designed to promote the development and diversification of the economy of Western Canada and to advance the interests of Western Canada in national economic policy, program and project development and implementation.

WD's strategic direction is set by the Executive Committee, which is composed of the Deputy Minister, five Assistant Deputy Ministers, the Directors General of Corporate Finance and Programs, Corporate Services, and Policy, and the Director of Corporate Communications.

In addition to corporate responsibilities, each of the western Assistant Deputy Ministers is accountable for the delivery of programs and services in their region, which support the department's strategic outcomes. The Ottawa-based Assistant Deputy Minister and the Director General of Policy lead the department's advocacy activities.

## Departmental links to the Government of Canada Outcomes

2007-2008								
Program Activity  (\$ thousands)	Budgetary				Loans, Investments and Advances	Total Main Estimates	Adjustments (planned spending not in Main Estimates)	Total Planned Spending
	Operating	Grants	Contributions and Other Transfer Payments	Net				
Strategic Outcome: Policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination)								
Collaboration and Coordination	5,770	-	115	5,885	-	5,885	-	<b>5,885</b>
Advocacy	2,545	-	115	2,660	-	2,660	-	<b>2,660</b>
Research and Analysis	3,579	-	578	4,157	-	4,157	-	<b>4,157</b>
Strategic Outcome: Economically viable communities in Western Canada with a high quality of life (Community Economic Development)								
Community Economic Planning, Development and Adjustment	12,387	1,475	87,590	101,452	-	101,452	2,500	<b>103,952</b>
Infrastructure	1,989	-	27,957	29,946	-	29,946	-	<b>29,946</b>
Strategic Outcome: A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship and Innovation)								
Business Development and Entrepreneurship	12,675	1,645	39,457	53,777	-	53,777	4,009	<b>57,786</b>
Innovation	8,770	1,880	44,683	55,333	-	55,333	9,363	<b>64,696</b>
<b>Total</b>	<b>47,715</b>	<b>5,000</b>	<b>200,495</b>	<b>253,210</b>	-	<b>253,210</b>	<b>15,872</b>	<b>269,082</b>

Collaboration and Coordination, Advocacy, Research and Analysis, Community Economic Planning, Development and Adjustment, Infrastructure, and Business Development and Entrepreneurship program activities contribute to the achievement of the Government of Canada's "Strong Economic Growth" outcome. Innovation contributes to the achievement of the Government of Canada's "An Innovative and Knowledge-based economy" outcome.

**Table 1: Departmental Planned Spending Table and Full-time Equivalents**

(\$ thousands)	Forecast Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009	Planned Spending 2009-2010
Collaboration and Coordination	5,349	<b>5,885</b>	5,885	5,885
Research and Analysis	4,218	<b>4,157</b>	4,157	4,157
Advocacy	2,703	<b>2,660</b>	2,660	2,660
Community Economic Planning, Development and Adjustment	137,483	<b>101,452</b>	55,010	55,615
Infrastructure	52,011	<b>29,946</b>	2,013	1,396
Business Development and Entrepreneurship	59,954	<b>53,777</b>	54,193	54,268
Innovation	53,813	<b>55,333</b>	60,218	59,884
<b>Total Main Estimates</b>	315,531	<b>253,210</b>	184,136	183,865
Adjustments (following page)*	58,482	<b>15,872</b>	7,307	3,330
Other				
Forecasted Lapse <sup>5</sup>	(13,500)	-	-	-
<i>Total Adjustments</i>	44,982	15,872	7,307	3,330
<b>Total Planned Spending</b>	360,513	<b>269,082</b>	191,443	187,195

Total Planned Spending	360,513	<b>269,082</b>	191,443	187,195
Less: Non-respendable revenue	6,458	<b>2,200</b>	2,200	2,200
Plus: Cost of services received without charge	4,279	<b>4,161</b>	3,166	2,820
<b>Total Departmental Spending</b>	358,334	<b>271,043</b>	192,409	187,815

<b>Full-time Equivalents</b>	402	<b>384</b>	382	376
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The reduction of resources over the planning horizon reflects the sun setting of time-limited programs such as funding for the Prince Rupert Port Authority, the Alberta and Saskatchewan Centennials, and the Infrastructure Canada Program.

<sup>5</sup> The forecasted lapse relates to the Infrastructure Canada Program and the Alberta/Saskatchewan Centennials initiative. WD will seek Treasury Board approval to reprofile the funds, through the Supplementary Estimates and Annual Reference Level Update (ARLU) process, to fiscal years 2007-2008 and future.

## \* Adjustments

ADJUSTMENTS (000's)	2006-2007	2007-2008	2008-2009	2009-2010
<b>Supplementary Estimates A:</b>				
Operating Budget carry-forward	1,997	-	-	-
Canada Strategic Infrastructure Fund – City of Saskatoon – Phase II	26	-	-	-
Infrastructure Canada Program reprofile	37,899	-	-	-
Social Economy – Capacity Building	(2,490)	-	-	-
Reduced Ministry Cost	(450)	-	-	-
Procurement Savings	(350)	-	-	-
Alberta / Saskatchewan Centenaries – Museum of Regiments	(3,000)	-	-	-
Alberta / Saskatchewan Centenaries – RCMP Heritage Centre	2,500	-	-	-
Interdepartmental Partnership with Official Languages	330	-	-	-
Pacific Regional Council	319	-	-	-
<b>Supplementary Estimates B: (not yet approved):</b>				
Operating Budget carry-forward	1	-	-	-
Primrose Lake Economic Development Corporation	15,000	-	-	-
Asia-Pacific Gateway and Corridor Initiative	2,100	-	-	-
Stronger West/Canada Jobs Fund	2,000	-	-	-
Britannia Mines – Mining Industry Interpretive Centre and Sustainability Walk	2,500	2,500	-	-
Pacific Northwest Economic Region	100	-	-	-
<b>Submissions not yet approved:</b>				
Intervac/Vaccine and Infectious Disease Organization (VIDO)	-	9,330	3,330	3,330
Canada Business Service Centres	-	3,977	3,977	-
Internal Audit	-	65	-	-
<b>TOTAL ADJUSTMENTS</b>	<b>58,482</b>	<b>15,872</b>	<b>7,307</b>	<b>3,330</b>

**Table 2: Voted and Statutory Items listed in Main Estimates**

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007-2008 Main Estimates	2006-2007 Main Estimates
1	Operating expenditures	42,527	47,217
5	Grants and contributions	205,495	262,798
(S)	Contributions to employee benefit plans	5,188	5,516
	<b>Total Department</b>	<b>253,210</b>	<b>315,531</b>

The decrease in the Main Estimates from 2006-2007 to 2007-2008 reflects the sun setting of time-limited funding for the Prince Rupert Port Authority and a decrease in the Infrastructure Canada Program and Alberta and Saskatchewan Centennials funding.

**Table 3: Services Received Without Charge**

(\$ thousands)	2007-2008
Accommodation provided by Public Works and Government Services Canada	2,191
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada Secretariat (excluding revolving funds)	1,964
Salary and associated expenditures of legal services provided by the Department of Justice Canada	6
<b>Total 2007-2008 services received without charge</b>	<b>4,161</b>

**Table 4: Sources of Non-Respendable Revenue**

## Non-Respendable Revenue

(\$ thousands)	Forecast Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009	Planned Revenue 2009-2010
Repayment of Repayable Contributions	3,750	1,500	1,500	1,500
Adjustment to previous years payable at year-end	2,258	500	500	500
Other Revenue	450	200	200	200
Fees paid with ATIP requests*	0	0	0	0
<b>Total Non-Respendable Revenue</b>	<b>6,458</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>

\*Note: Western Economic Diversification Canada collects approximately \$250 in fees associated with the *Access to Information and Privacy Acts* (ATIP).



**Table 5: Resource Requirement by Branch or Sector**

(\$ thousands) Program Activity	Regional Programs	Corporate Multi-Regional Programs (1)	National Programs	<b>Total Planned Spending</b>
Collaboration and Coordination	3,945	1,940	-	<b>5,885</b>
Advocacy	1,272	1,388	-	<b>2,660</b>
Research and Analysis	3,187	970	-	<b>4,157</b>
Community Economic Planning, Development and Adjustment (2)	100,168	3,784	-	<b>103,952</b>
Infrastructure (3)	-	-	29,946	<b>29,946</b>
Business Development and Entrepreneurship	47,609	6,200	3,977	<b>57,786</b>
Innovation	61,825	2,871	-	<b>64,696</b>
<b>Total</b>	<b>218,006</b>	<b>17,153</b>	<b>33,923</b>	<b>269,082</b>

- (1) Corporate / Multi-regional Operating resources include Headquarters, the Ottawa Liaison Office, and contribution programs that impact more than one province such as the \$3.5 million for the Loan and Investment Program, included under the Business Development and Entrepreneurship activity.
- (2) Community Economic Planning, Development and Adjustment, Regional Programs includes \$38.6 million for the Alberta and Saskatchewan Centenaries activities.
- (3) Infrastructure resource requirements are for the Infrastructure Canada Program (ICP). ICP resources are allocated on the basis of population and unemployment over the multi-year life of the program. Total ICP approved budget is \$557.2 million.

## **Table 6: Details on Transfer Payments Programs**

Over the next three years, Western Economic Diversification Canada will manage the following transfer payment programs in excess of \$5 million:

### **2007-08**

1. Western Diversification Program
2. Community Futures Program
3. Infrastructure Canada Program

### **2008-09**

1. Western Diversification Program
2. Community Futures Program

### **2009-10**

1. Western Diversification Program
2. Community Futures Program

For further information on the above-mentioned transfer payment programs see <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

## **Table 7: Foundations (Conditional Grants)**

Over the next three years, Western Economic Diversification Canada will manage the following Conditional Grant in excess of \$5 million:

### **2007-08**

Grant to the Friends of the Canadian Museum for Human Rights Inc.

### **2008-09**

Grant to the Friends of the Canadian Museum for Human Rights Inc.

### **2009-10**

Grant to the Friends of the Canadian Museum for Human Rights Inc.

For further information on the above-mentioned transfer payment programs see <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

## **Table 8: Horizontal Initiatives**

Over the next year, Western Economic Diversification Canada will be 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)

Supplementary information on Horizontal Initiatives can be found at [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp).

## Table 9: Sustainable Development Strategy

Western Economic Diversification Canada's fourth sustainable development strategy (SDS IV) builds on lessons learned from the department's three previous strategies, the recommendations of the Commissioner of the Environment and Sustainable Development (CESD), the findings of a third party assessment of SDS 2004, and input solicited from consultations with staff and partners.

The strategy outlines a streamlined logic model with three strategic outcomes that WD hopes to achieve through the implementation of SDS IV. These are:

1. innovation towards sustainable development - increased R&D, commercialization, adoption and adaptation of new environmental technologies and processes within western Canada;
2. greening of WD's operations - WD's corporate culture reflects the principles of Sustainable Development; and
3. external greening - greater awareness of Government of Canada Sustainable Development (SD) concepts and opportunities on the part of WD's partners and western Canadian business.

SDS IV contributes to elements of each departmental strategic outcome; however, activities in support of the SD strategic outcome "innovation towards sustainable development" are particularly relevant to the department's activities related to Innovation and Entrepreneurship.

<b>SDS Departmental Goal: Innovation Towards Sustainable Development</b>		
<b>Federal SD Goal including Greening of Government Operation goals*</b>	<b>Performance Measure from current SDS</b>	<b>Department's Expected Results for 2007-08</b>
Clean water	Number of approved projects	Development, commercialization, adoption and/or adaptation of environmental technologies and processes
Clean air	Dollars committed to projects	
Reduce greenhouse gas emissions	Total dollars leveraged	Capacity building, market development and development of management capacity in the environmental sector
Sustainable Communities		Expanded understanding of the impact of environmental issues on Western Canada through research.

<b>SDS Departmental Goal: Greening of WD Operations</b>		
<b>Federal SD Goal including Greening of Government Operation goals*</b>	<b>Performance Measure from current SDS</b>	<b>Department's Expected Results for 2007-08</b>
Governance for sustainable development	<p>Executive committee briefed semi-annually about the implementation of SDS IV</p> <p>Number of initiatives that incorporate SD tracking</p> <p>SD is integrated into the DPR, RPP and regional business plans</p> <p>Numbers of SEAs completed</p> <p>Maintain intranet website on greening</p> <p>Regular greening tips to staff</p> <p>Number of contracts with green clauses</p> <p>Per cent of green office supplies purchased</p> <p>Per cent of green purchases or leases for office equipment</p> <p>Number of staff attending training</p> <p>Participate in paper, battery, and other recycling programs</p>	<p>Senior management is engaged and supported by corporate SD team</p> <p>SD planning, tracking and reporting systems incorporated into new and existing initiatives</p> <p>Strategic Environmental Assessment (SEA) management systems are implemented to ensure early, full and meaningful implementation of the Cabinet Directive</p> <p>Internal communication on SD</p> <p>Greening clauses are incorporated in departmental goods and services contracts where appropriate</p> <p>Purchase green office supplies</p> <p>Purchase or lease green office equipment</p> <p>SD and green training provided to officers</p> <p>Working with facilities management on recycling programs</p>

<b>SDS Departmental Goal: External Greening</b>		
<b>Federal SD Goal including Greening of Government Operation goals*</b>	<b>Performance Measure from current SDS</b>	<b>Department's Expected Results for 2007-08</b>
	Per cent of federal SD-related \$s distributed in Western Canada	Work with other federal departments and partners to ensure access by western stakeholders to federal SD-related programs
	Number of applications from Western Canada for federal SD-related programs	SD excellence in Western Canada recognized
	Number of partners and/or stakeholders recognized	Partners provided with information on SD concepts and best practices
	Number of SD communications	
	Number of WD outreach activities at SD-related events	

\* Projects supported may contribute to one or more of the federal SD goals listed.

**Table 10: Internal Audits and Evaluations**

<b>Name of Internal Audit/Evaluation</b>	<b>Audit/ Type/Evaluation Type</b>	<b>Status</b>	<b>Expected Completion Date</b>
Western Diversification Program	Program Audit	Planned	2007-08
Community Futures Program	Program Audit	Planned	2008-09
Loan and Investment Program	Program Audit	Planned	2007-08
Women's Enterprise Initiative	Program Audit	Planned	2007-08
Infrastructure Canada Program	Program/Project Audits	Planned	2008-09
Municipal Rural Infrastructure Fund	Program/Project Audits	Planned	2007-08
Canada Strategic Infrastructure Program	Program/Project Audits	Planned	2008-09
Audit of key internal controls	Management Audit	Planned	2007-08
Audit of key internal controls	Management Audit	Planned	2008-09
Audit of risk management and governance processes	Management Audit	Planned	2007-08
Audit of risk management and governance processes	Management Audit	Planned	2008-09
Government wide horizontal audits	Management Audit	TBS to determine	2007-08
Government wide horizontal audits	Management Audit	TBS to determine	2008-09
Western Diversification Program	Program Evaluation	Planned	2007-08
Community Futures Program	Program Evaluation	Planned	2007-08
Loan and Investment Program	Program Evaluation	Planned	2008-09
Women's Enterprise Initiative	Program Evaluation	Planned	2008-09
Infrastructure Canada Program	Program Evaluation	Planned	2008-09
Canada Strategic Infrastructure Program	Program Evaluation	Planned	2008-09

Electronic link to Internal Audit and Evaluation Plan: [http://www.wd.gc.ca/rpts/plans/default\\_e.asp](http://www.wd.gc.ca/rpts/plans/default_e.asp)

## **SECTION IV – OTHER ITEMS OF INTEREST**



## Official Languages

Through the use of partnerships and opportunities to expand on current community and economic development initiatives, WD commits to four key activities in WD's Section 41 Action Plan (2004-2008):

- communicating the department's Official Language Action Plan by promoting concepts, activities and achievements of Section 41 within and external to the department;
- providing support to Francophone Economic Development Organizations (FEDOs);
- building partnerships with other departments and stakeholders; and
- providing support to projects with Official Language Minority Communities (OLMCs).

The Action Plan seeks to enhance the department's strategic directions within the activities of the western Official Language Minority Communities (OLMCs). Further information on the Action Plan can be obtained at: <http://www.wd.gc.ca/rpts/strategies/ola/2004/>.

Across Western Canada, WD partners with the Francophone Economic Development Organizations (FEDOs) to address and provide assistance to francophone entrepreneurs and western OLMCs. The four FEDOs work with francophone communities and entrepreneurs to encourage innovative, sustainable and entrepreneurial economic practices.

WD and Industry Canada signed a Memorandum of Understanding to implement tele-education and tele-learning pilot projects and youth internships in the West that will continue until March 31, 2008. The pilot projects target:

- universities and colleges serving OLMCs;
- the catchment areas for universities and colleges in OLMCs; and
- minority communities that have research programs with such universities or colleges.

The major focus of the pilot projects is on expanding content and applications as opposed to supporting infrastructure or capital development. The internships serve to establish opportunities for youth to develop skills and labour capacity in their province of residence, and provide an environment conducive to enhancing their skills in the minority official language.

WD employs a flexible, comprehensive and integrated approach to innovative business development and sustainable communities in Western Canada's francophone communities. It offers WD the flexibility to support operating funding to existing francophone organizations, while enhancing the suite of services that can be offered to francophone entrepreneurs, SMEs and OLMCs.

## **Appendix A – Description of Key Programs**

Western Diversification Program (WDP) - this program is designed to promote economic development and diversification in Western Canada and advance the interests of Western Canada in national policy, program and project development and implementation. The WDP is WD's main program, and is used to fund projects and contributes to the expected results of all WD program activities.

Community Futures Program (CF) - this national program is designed to provide funding for a network of Community Futures Development Corporations (CFDCs) across Canada with WD as the delivery department for the West. CFDCs are volunteer-led, non-profit organizations that lead strategic economic planning, and provide advice and commercial loans to local entrepreneurs, who foster economic development.

Loan and Investment Program (LIP) - allows financial institutions to supply loan capital to clients to whom it would not otherwise make loans. Under this program, WD contributes funds to a "loan loss reserve", which partly offsets higher risks associated with eligible loans to small businesses. Eligible clients apply directly to the financial institutions partnered with WD under this program.

Information on these and other WD programs is available at:  
[http://www.wd.gc.ca/programs/default\\_e.asp](http://www.wd.gc.ca/programs/default_e.asp).