

Industry Canada
Performance Report



**For the period ending
March 31, 2004**

Minister of Industry

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Section 1: Messages

Minister's Message

The Government of Canada has a crucial role to play in supporting a dynamic and innovative 21st century economy. Through prudent fiscal management, by creating an opportune environment for research, development and commercialization, and by promoting a climate that supports the entrepreneurial spirit, we are helping to create a solid foundation for Canada's future. It is a foundation that we can build on to meet the challenges of the global marketplace — one that is essential to generate the wealth that Canadians need to raise our standard of living and improve our quality of life.

The Industry Portfolio, comprising 15 departments and agencies, plays a significant role in improving Canada's innovation performance. By continuing to fund basic research through the granting councils, and by working with small and medium-sized businesses through initiatives such as the Industrial Research Assistance Program and Aboriginal Business Canada, we can continue to accelerate the innovation agenda and improve our commercialization capacity.

The progress we are making in the research and commercialization agenda will have a noticeable impact on Canada's ability to compete in the marketplace of tomorrow. We have seen positive results from our investments in universities and colleges. In order to transform this increased research capacity and these results into jobs for Canadians, we need to work in partnership with our stakeholders to encourage innovation and build our commercialization capacity.

To build on this, we must create a world-class business environment — one with sound marketplace frameworks that encourage entrepreneurial activity while removing obstacles to effective business growth. In today's global economy, we must ensure that our regulatory regime is one of the most efficient and effective in the world. This is why the Government of Canada has made regulatory reform a priority.

The many programs offered by the Industry Portfolio give our regions and communities the opportunity to expand their businesses so they can more effectively compete in the global economy. The expanded on-line delivery of key government services and information extends our reach into the remote areas of Canada even further.

The Industry Portfolio

- Atlantic Canada Opportunities Agency*
- Business Development Bank of Canada†
- Canada Economic Development for Quebec Regions*
- Canadian Space Agency
- Canadian Tourism Commission†
- Competition Tribunal
- Copyright Board Canada
- Enterprise Cape Breton Corporation* †
- Industry Canada
- National Research Council Canada
- Natural Sciences and Engineering Research Council of Canada
- Social Sciences and Humanities Research Council of Canada
- Standards Council of Canada †
- Statistics Canada
- Western Economic Diversification Canada*

* Not a Portfolio member for the purposes of the Main Estimates.

† Not required to submit a Departmental Performance Report.

Industry Canada's five strategic outcomes were improving Canada's innovation performance; making Canada the most connected country in the world; building a fair, efficient and competitive marketplace; improving Canada's position as a preferred location for investment; and increasing Canada's share of global trade. Industry Canada has made significant progress in helping Canadians become more productive and competitive by:

- fostering an innovative and successful knowledge-based economy that supports the commercialization and adoption of innovative processes and products in Canadian science and technology, and ensures Canada has a sufficient supply of highly qualified people;
- meeting our accelerated Government On-Line (GOL) target by having all of our 17 key services on-line in 2003 — a full two years ahead of the Government of Canada's target;
- working to ensure that Canada has a competitive marketplace and an effective regulatory environment that supports innovation and economic growth, while providing protection to individual Canadians;
- promoting Canada's advantages as an investment location of choice and informing potential investors of opportunities for expansion and development of value-added business within Canada, especially in priority sectors; and
- continuing to support efforts to increase access to new markets and to secure and improve access to existing markets.

With these and other initiatives, Industry Canada is playing a key role in helping to secure the economic opportunities that are needed to compete in this fast changing world. The progress that we have made has benefited Canadians economically and socially in all areas of our country.

I invite you to review Industry Canada's Departmental Performance Report for more details on how Industry Canada fosters a productive, innovative and competitive 21st century economy.



David L. Emerson
Minister of Industry

Management Representation Statement

I submit, for tabling, Industry Canada's Departmental Performance Report for the period ending March 31, 2004.

This report has been prepared based on the reporting principles and other requirements in the Treasury Board of Canada, Secretariat *Preparation Guide: Departmental Performance Reports 2003-04*. The report represents, to the best of my knowledge, a comprehensive, balanced and transparent picture of the organization's performance for the 2003-04 fiscal year.

Suzanne Hurtubise
Deputy Minister

Date

Section 2:

Departmental Performance

2.1 Context

This report presents Industry Canada's performance accomplishments against commitments made in previous Reports on Plans and Priorities. However, the changes to the machinery of government announced on December 12, 2003, have affected the way in which Industry Canada will report on achievements with respect to its commitments for the 2003–04 fiscal year. These changes resulted in the transfer of responsibility for the following organizations, to the new department, International Trade Canada (ITCan):

- Investment Partnerships Canada
- International Business Opportunities Centre (Industry Sector)
- Trade Integration Directorate (Operations Sector)
- International Trade Centres located in the regions (Operations Sector)
- Those portions of International Trade and Investment Policy Branch, known as the Industrial Trade Policy Division, and the investment portions of the International Investment Policy Division, except those portions related to the administration of the *Investment Canada Act* (Policy Sector).

Treasury Board of Canada, Secretariat has instructed departments to report only on those organizations that remain within the Department's jurisdiction. Industry Canada will continue to report against the commitments made in previous Reports on Plans and Priorities using the framework of Industry Canada's Priorities Chart, which includes five strategic outcomes (innovation, connectedness, marketplace, investment and trade) and associated key results commitments (see page 8). However, modifications will be made to the reporting for the investment and trade outcomes to reflect the changes of December 12, 2003. ITCan will be responsible for reporting in its own Departmental Performance Report on the activities of those functions that were transferred from Industry Canada.

As a result of these organizational changes, Industry Canada has reviewed the outcomes it has set to achieve. Future reporting will be based on three new strategic outcomes which reflect the Department's current functions. The new strategic outcomes are: *a fair, efficient and competitive marketplace; an innovative economy; and competitive industry and sustainable communities*. The Department's Report on Plans and Priorities 2004–05 is based on the new strategic outcomes.

2.2 Growing a Dynamic Economy

Industry Canada's aim is to help Canadians be more productive and competitive in the knowledge-based economy. To achieve this goal, the Department focusses on four priority areas: promoting growth in productivity, employment and income, and promoting sustainable development. Progress related to these priorities contributes to an improved quality of life for all Canadians (see Industry Canada Priorities Chart on page 8).

To foster growth and create high-quality, well-paying jobs, Industry Canada continued to support the four priorities by working toward its strategic outcomes. For example, strengthening Canada's innovation capacity helps ensure that discoveries and breakthroughs can happen here in Canada, and that the social and economic benefits of these innovations contribute to Canadians' standard of living and quality of life. Connectedness supports advanced research and promotes access to digital infrastructure, skills development, electronic commerce (e-commerce) and improved service delivery. Sound marketplace frameworks help establish a business environment that supports innovation, investment and entrepreneurial activity. Investment encourages an innovative economy by developing skills, ideas and opportunities in the knowledge-based economy, and trade allows us to market our products and services. Taken together, the Department's strategic outcomes support growth in employment, income, productivity and sustainable development in Canada.

Financial Information

Financial reporting in Section 3 of this report presents information based solely on those functions remaining under the jurisdiction of Industry Canada. ITCan will report on the financial performance of those functions under its jurisdiction and for which it is accountable for the entire fiscal year.

Progress Toward Industry Canada's Four Priorities

Productivity

- Canada's productivity performance continues to improve. From 1997 to 2002, Canada's labour productivity growth, measured as the annual growth in gross domestic product per worker, was the second highest among G7 countries, after that of the United States.

Employment

- Canada's employment rate stood at 62.5 percent in February 2004, just below its highest level on record reached in December 2003 (62.7 percent).
- Employment increased by 205,100 jobs during the last four months of 2003, bringing the total number of jobs gained during 2003 to 278,200. The economy also created an additional 58,200 new full-time positions during the first two months of 2004.
- Canada's standardized unemployment rate rose slightly from 7.3 percent in March 2003 to 7.5 percent in March 2004.

Income

- According to the Organisation for Economic Co-operation and Development (OECD), Canada's real disposable income per capita was US\$19,335 in 2002, making it one of the highest among G7 countries and second only to that of the United States at US\$25,946.

Sustainable Development

- The 2002 Environmental Sustainability Index, published by the World Economic Forum, ranked Canada highest among G7 countries and fourth overall in terms of the level of impact the environment has in shaping economic policies.

Summary of Industry Canada's Financial Performance Information

Planned Spending: \$1,659.5 million
 Total Authorities: \$2,300 million
 2003-04 Actuals: \$1,912.8 million

Industry Canada receives its budget through Main and Supplementary Estimates approved by Parliament. In 2003-04, Industry Canada's Main Estimates budget was approved at \$1,408.1 million.

Through Supplementary Estimates plus other authorities, the Department received additional funding and the Department also transferred some funding to International Trade Canada.

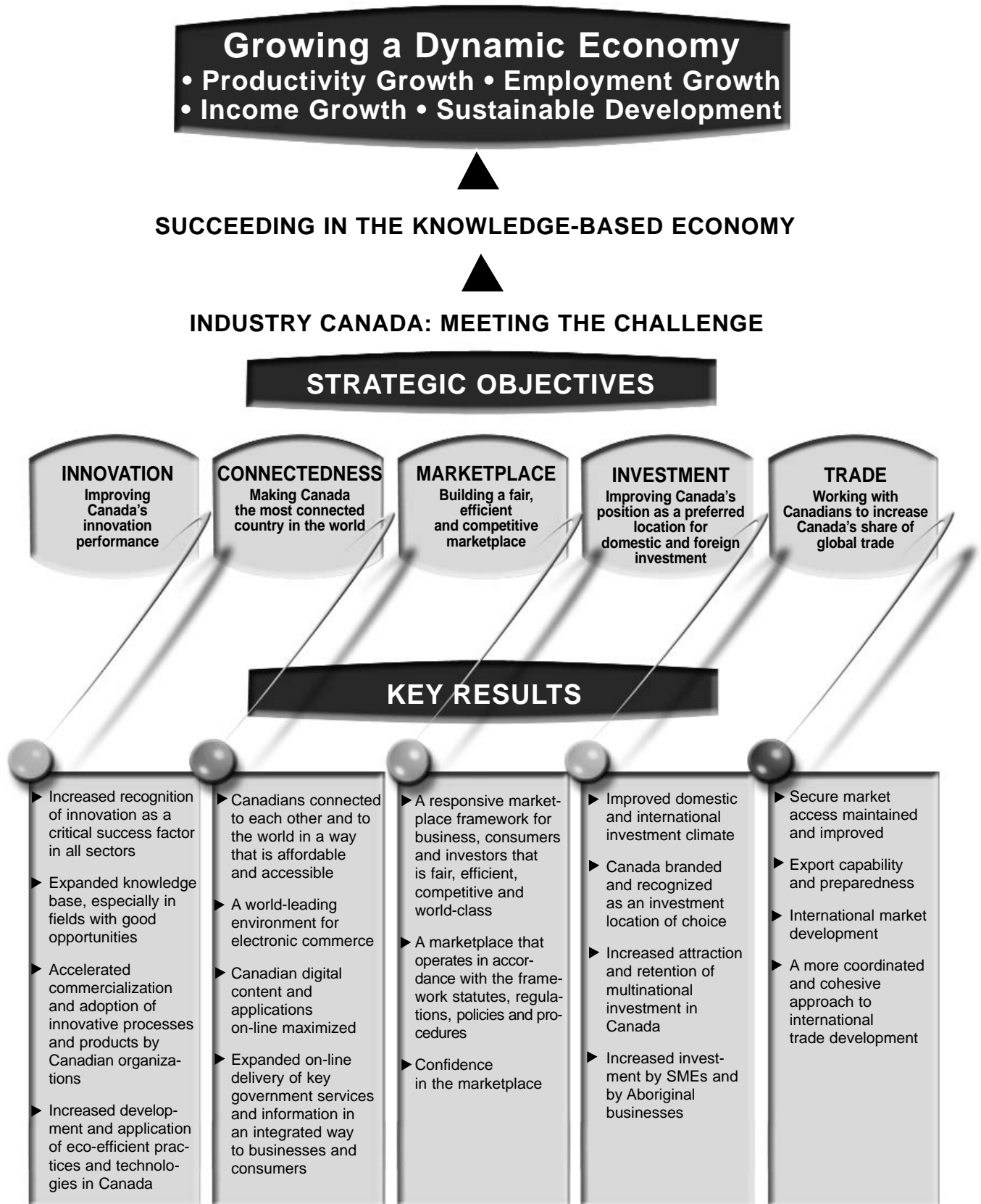
Partnerships Mean Success

In order to fulfill its mandate, Industry Canada works in partnership with members of the Industry Portfolio and a variety of stakeholders in delivering its programs and services, and consults with these stakeholders in developing effective micro-economic policies. Industry Canada continued to develop these cooperative partnerships to sustain Canada's economic growth and identify new challenges and opportunities; the Department recognizes that this collaboration is key to achieving its successes. More information on Industry Canada's programs and services can be found at www.ic.gc.ca/cmb/welcomeic.nsf/icPages/Programs

Key Partners

- Members of the Industry Portfolio
- Other government departments
- Industry sectors
- Universities and colleges
- International partners
- Non-governmental organizations

2.3 Industry Canada Priorities Chart



2.4 Performance Accomplishments

This section highlights Industry Canada's accomplishments for each of the five strategic outcomes: innovation, connectedness, marketplace, investment and trade, by key result commitment (KRC). These accomplishments represent the outputs and outcomes of the activities that the Department committed to in previous Reports on Plans and Priorities, and reflect the Department's progress toward achieving its goals. Performance accomplishments are reported for those functions remaining under the jurisdiction of the Department.

Summary Table of Performance Accomplishments

Strategic Outcome — Innovation: Improving Canada's innovation performance	
13th in research and development spending as a percentage of gross domestic product among OECD countries	
Estimated Planned Spending (millions of dollars)	Estimated Actual Spending (millions of dollars)
\$528.7 (from RPP 2003–04)	\$413.2
The difference between estimated planned spending and estimated actual spending is due primarily to the reprofiling of funds to future years' reference levels.	
Plans and Priorities by Key Result Commitment	Results Achieved
KRC 1: Increased recognition of innovation as a critical success factor in all sectors	
<ul style="list-style-type: none"> • Increase the Department's understanding of the innovation challenges faced by Canada's leading firms. • Collaborate on innovation issues with provincial and territorial governments. • Strengthen industry's innovation capacity. • Educate, attract and retain a sufficient supply of highly qualified people. 	<p>Co-sponsored the publication of The Conference Board of Canada's fifth <i>Annual Innovation Report</i>, released in November 2003 (page 16).</p> <p>Made agreement (with provincial and territorial counterparts) to work together to strengthen innovation by identifying key areas for cooperation (page 16).</p> <p>Through Communications Research Centre Canada (CRC), negotiated 38 licence agreements for the transfer of intellectual property and established CWCnet (page 17).</p> <p>Worked with various partners to facilitate the entry of highly qualified people and to brand Canada as a study destination of choice (page 17).</p>
KRC 2: Expanded knowledge base, especially in fields with good opportunities	
<ul style="list-style-type: none"> • Expand the understanding of regional- and community-level development in order to capitalize on the unique advantages that each possesses. • Enhance business innovation, competitiveness and market expansion, and improve community and business participation in the knowledge-based economy. • Invest in cutting-edge technologies and foster commercialization and economic growth in emerging sectors. 	<p>Undertook a comprehensive analysis of economic developments and trends at the regional and community levels, thereby assisting the development of appropriate innovation initiatives (page 18).</p> <p>Through the Federal Economic Development Initiative for Northern Ontario (FedNor), continued to invest in community-based innovation in Northern Ontario, with a special focus on the resource sector (page 18).</p> <p>Through Technology Partnerships Canada (TPC), invested \$189.7 million in 38 projects in high-growth sectors (page 18).</p> <p>Conducted an analysis of the innovation steps needed to position the bioproducts sector in the wider Canadian economy, and developed an Innovation Roadmap (page 19).</p>

KRC 3: Accelerated commercialization and adoption of innovative processes and products by Canadian organizations	
<ul style="list-style-type: none"> Improve our commercialization performance by increasing the transformation of research outcomes into economic benefits for Canadians. 	<p>Launched the Commercialization Portal and the Life Sciences e-Technology Transfer (page 19).</p> <p>Implemented the Medical and Related Sciences Discovery District initiative (page 19).</p> <p>Through the Precarn Phase III Research Program, supported the increased development and use of intelligent systems (page 20).</p>
KRC 4: Increased development and application of eco-efficient practices and technologies in Canada	
<ul style="list-style-type: none"> Raise awareness among businesses of eco-efficiency practices and tools. Through TPC, continue to support the government's climate change agenda by making strategic investments in research, development and innovation in key transformative technologies. Continue to promote sustainable development through the three objectives of the Department's Sustainable Development Strategy 2000–03. 	<p>In partnership with other federal departments, industry and academia, completed the Sustainability Assessment Framework and Toolkit (page 20).</p> <p>Conducted a series of workshops on eco-efficiency and eco-industrial clustering. As a result of the increased awareness, national associations are now planning a sustainable development workshop series (page 20).</p> <p>Through TPC, invested in six environmental and energy technology projects under the research and development (R&D) program and, in October 2003, launched the h2 Early Adopters program (page 20).</p> <p>Successfully met the target of completing 29 action plan deliverables related to the strategy's three objectives (page 21).</p>
<p>Strategic Outcome — Connectedness: Making Canada the most connected country in the world</p> <p>Second most connected country in the world</p>	
Estimated Planned Spending (millions of dollars)	Estimated Actual Spending (millions of dollars)
\$310.2 (from RPP 2003–04)	\$243.6
The difference between estimated planned spending and estimated actual spending is due primarily to the reprofiling of funds to future years' reference levels.	
Plans and Priorities by Key Result Commitment	Results Achieved
KRC 1: Canadians connected to each other and to the world in a way that is affordable and accessible	
<ul style="list-style-type: none"> Fund community-based initiatives to deploy broadband networks under private sector leadership in communities unlikely to be served by market forces alone. Ensure that Canadians have access to digital infrastructure. Maintain and improve the integrity and security of Canada's communications infrastructure. 	<p>Through the Broadband for Rural and Northern Development Pilot Program, invested in 154 projects for communities across Canada to develop business plans, and 58 projects, representing approximately 850 communities, to deploy broadband services to the communities (page 22).</p> <p>Promoted digital literacy and facilitated equitable participation in the networked economy (page 23).</p> <p>Continued to work with stakeholders to enhance Canada's emergency telecommunications preparedness policies and processes (page 24).</p>

KRC 2: A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures	
<ul style="list-style-type: none"> Establish a voluntary registration program to give qualified companies the authority to certify, on Measurement Canada's behalf, the accuracy of measurement systems in the downstream petroleum sector. Work to streamline regulations for the certification and approval of telecommunications and radiocommunication equipment. Ensure continued compliance with the <i>Bankruptcy and Insolvency Act</i>. 	<p>Through Measurement Canada's registration program, provided an alternative service mechanism for the inspection and certification of devices used in trade pursuant to the <i>Weights and Measures Act</i> (page 30).</p> <p>Implemented regulations and procedures to recognize the certification of radio apparatus by private certification bodies, bringing equipment to market six months faster and with significant cost savings (page 31).</p> <p>Through the Initiative for the Orderly and Timely Administration of Insolvency Estates, identified a total of 99 trustees who had inventory aging and/or banking issues (page 31).</p>
KRC 3: Confidence in the marketplace	
<ul style="list-style-type: none"> Provide Canadian consumers and businesses with access to more reliable tools and information. 	<p>Launched the Office of the Superintendent of Bankruptcy Canada's e-filing system to improve and facilitate access to its services (page 32).</p> <p>Through the Canadian Intellectual Property Office (CIPO), implemented service improvement initiatives to reduce turnaround times and inventory levels. CIPO was also granted status as an International Searching Authority and International Preliminary Examining Authority (page 32).</p>
Strategic Outcome — Investment: Improving Canada's position as a preferred location for domestic and foreign investment	
First in cost-effectiveness for starting up and operating a business	
Estimated Planned Spending (millions of dollars)	Estimated Actual Spending (millions of dollars)
\$506.7 (from RPP 2003–04) (portion to ITCan)	\$332.3
The difference between estimated planned spending and estimated actual spending is due primarily to the reprofiling of funds to future years' reference levels and the transfer of authorities to International Trade Canada.	
Plans and Priorities by Key Result Commitment	Results Achieved
KRC 1: Improved domestic and international investment climate	
<ul style="list-style-type: none"> Identify and address impediments to investment. 	<p>With the support of key stakeholders, completed an analysis of business costs in competing locations and incentive offerings, and undertook a review of the restrictions on foreign investment in telecommunications (page 33).</p> <p>Supported the Canadian Automotive Partnership Council in the creation of the Council for Automotive Human Resources (page 34).</p> <p>Participated in the Atlantic Energy Roundtable, working to implement the vision of a growing offshore petroleum industry serving the economic and social development of the region (page 34).</p>
KRC 2: Canada branded and recognized as an investment location of choice	
<ul style="list-style-type: none"> Market Canada as an optimum destination for foreign investment. 	<p>Informed potential investors of opportunities for expansion and development of value-added business within Canada (page 35).</p>

KRC 3: Increased attraction and retention of multinational investment in Canada	
<ul style="list-style-type: none"> Attract and retain multinational investment in priority sectors. 	Developed sector-specific investment strategies and identified corporate investment targets that are strong business performers, R&D leaders and have high value-added investment prospects (page 35).
KRC 4: Increased investment by SMEs and by Aboriginal businesses	
<ul style="list-style-type: none"> Continue to work toward the creation and expansion of viable and durable SMEs owned by target groups. 	<p>Through FedNor, developed investment capacity at the community level and assisted SMEs in addressing financing gaps by providing investment fund capital to the Community Futures Development Corporations (page 36).</p> <p>Through Aboriginal Business Canada, helped Aboriginal firms with business planning, capitalization, marketing and business support, and provided support to a network of Aboriginal financial institutions, which increased the viability and sustainability of Aboriginal businesses (page 37).</p>
Strategic Outcome — Trade: Working with Canadians to increase Canada's share of global trade	
Seventh largest merchandise exporter in the world	
Estimated Planned Spending (millions of dollars) \$33.4 (from RPP 2003–04)	Estimated Actual Spending (millions of dollars) \$17.3
The difference between estimated planned spending and estimated actual spending is due primarily to the transfer of authorities to International Trade Canada.	
Plans and Priorities by Key Result Commitment	Results Achieved
KRC 1: Secure market access maintained and improved	
<ul style="list-style-type: none"> Promote Canadian sectoral trade interests. 	<p>Worked to advance trade liberalization at the multilateral, regional and bilateral levels (page 38).</p> <p>Entered into the Enhanced Representation Initiative to advance Canadian interests in the United States (page 39).</p> <p>Worked with provinces and territories to enhance internal trade through the Agreement on Internal Trade (page 39).</p>
KRC 2: Export capability and preparedness	
<ul style="list-style-type: none"> Provide Canadian businesses and firms with the information and services they need to help export their products and services. 	Continued to assist Canadian businesses in exporting their products and services through tools such as SourceCAN, Take a World View, Service Export.com and Trade Team Canada Sectors' Web sites, and focussed information products on priority industrial sectors (page 39).
KRC 3: International market development	
<ul style="list-style-type: none"> Increase the awareness of the importance of service sector industries to Canada's economy. Raise foreign buyers' awareness of Canada as a world-class economy, and of Canadian industry as a key global source of high-quality, high-technology products and services. 	<p>Increased understanding of the issue of trade in services through research, as part of the OECD's study on services economy (page 40).</p> <p>Through Trade Team Canada Sectors, conducted a number of trade missions and studies aimed at increasing opportunities for Canadian companies to meet with foreign buyers in priority markets around the world, with the overall objective of increasing exports of goods and services (page 40).</p>

KRC 4: A more coordinated and cohesive approach to international trade development	
<ul style="list-style-type: none"> • Strengthen the linkages and collaboration between the three pillars of international business development: trade, investment, and science and technology. • Increase the export-readiness and facilitate access to markets for SMEs. 	<p>Through the Enhanced Representation Initiative, continued to build new linkages for common planning and a cohesive approach to international business development and advocacy actions in the United States (page 41).</p> <p>Through FedNor, embarked on a Northern Ontario trade strategy to support the development of export skills and capacity building by SMEs (page 41).</p>

Details of Performance Accomplishments

INNOVATION: Improving Canada's innovation performance

Innovation refers to both the creative process of generating and applying knowledge, and the outcome of that process: new products or processes. It means coming up with new ideas about how to do things better or faster by applying knowledge to the development of products and services. In the current, knowledge-based economy, innovation is an important driving force in creating wealth, economic growth and social development for Canadians.

Innovation is also critical for eco-efficiency improvements and progress in terms of sustainable development.

Estimated financial resources allocated during 2003–04 to improving Canada's innovation performance were \$413.2 million.

According to the OECD, Canada is 13th among OECD countries in terms of R&D spending as a percentage of gross domestic product.

The Government of Canada recognized in *Canada's Innovation Strategy* (innovationstrategy.gc.ca) that Canadian universities, through their research efforts, play a vital role in improving Canada's innovation performance. To support and encourage university research, help universities and colleges offer a competitive and world-class research environment, and encourage outstanding students to pursue graduate studies and become more involved in conducting research, the Government of Canada implemented a number of initiatives in 2003–04. These include the following:

- permanent Indirect Costs Program for academic research (www.indirectcosts.gc.ca); and
- Research Hospital Fund at the Canada Foundation for Innovation (www.innovation.ca).

The Framework of Agreed Principles on Federally Funded University Research between the Association of Universities and Colleges of Canada (AUCC) and the Government of Canada was established to gauge progress toward the goal of doubling the amount of research performed and tripling commercialization by 2010. The AUCC and Industry Canada have agreed on a schedule for public reporting related to the agreement, and are working together to further define how research output and commercialization will be measured. The first report on the progress toward these goals is expected in October 2005.

Canada's Innovation Strategy detailed many objectives, targets and goals to improve Canada's innovation performance. Monitoring and assessing progress, against these commitments and in comparison to Canada's largest competitors, are key to improving our innovation performance. The Conference Board of Canada has been contracted by Industry Canada to produce a first benchmarking report. The report, which will be released during fall 2004, provides an assessment based on 17 indicators for innovation and evaluates Canada against 10 other countries, including the G7 and the top OECD innovators (conferenceboard.ca).

Benchmarking Research for Innovation

The Atlantic Region led regional and Portfolio partners in four provincial-level benchmarking studies that complement the national benchmarking project on indicators of innovation. These studies provide an important basis for determining progress on the Innovation Agenda at the regional level.

To ensure that the concerns of the manufacturing industry are addressed, Industry Canada partnered with Canadian Manufacturers & Exporters (CME) (cme-mec.ca) in its national dialogue, called Manufacturing 20/20, on the future of Canadian manufacturing. As part of this initiative, four discussion papers were published in early 2004: “The Importance of Manufacturing in Canada,” “Manufacturing Challenges in Canada,” “Global Trends in Manufacturing” and “Canadian Manufacturing: Critical Factors for Business Success.” The papers were used in more than 50 local meetings of manufacturers across the country to focus discussion involving some 500 participants on the issues and plans of action of greatest concern to Canadian industry. Industry Canada will be evaluating the results of the discussions in 2004–05.

To achieve its objective of improving Canada’s innovation performance, the Department has identified a number of key result commitments (see Industry Canada Priorities Chart on page 8). Results achieved by Industry Canada are reported for each key result commitment.

Accomplishments by Key Result Commitment

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

Industry Canada plays a critical role in creating awareness of the importance of innovation and providing firms with the information and tools needed to successfully adopt innovative practices.

To increase the Department’s understanding of some of the innovation challenges faced by Canada’s leading firms, Industry Canada co-sponsored the publication of The Conference Board of Canada’s fifth *Annual Innovation Report, Trading in the Global Ideas Market*, which was released in November 2003 (conferenceboard.ca). The report helped create awareness among the public and business sectors about key issues relating to innovation and commercialization.

To ensure the most effective use of scarce resources and the effective alignment of policy initiatives, and to encourage private sector participation, collaboration on innovation issues among federal, provincial and territorial governments is essential. Industry Canada and provincial and territorial counterparts have agreed to work together to strengthen innovation throughout Canada by identifying key areas for cooperation. These key areas include effective innovation partnering, access to risk capital, regulatory review and actions to improve business expenditure on research and development (R&D).

The Practice of Innovation

The Department is reaching out to small communities across Canada. In Sydney, Cape Breton, it co-sponsored an innovation clinic on two local businesses whose entrepreneurs demonstrated their innovative products and management styles to their peers, as well as to students at the University College of Cape Breton. The video of the event, and others like it, will be added to the Department’s Strategis Web site as part of a series entitled “The Practice of Innovation.”

(strategis.gc.ca)

Federal Science and Technology

In order to foster innovation, the Government of Canada requires access to expert advice from a non-partisan and independent source. The Department continued to support the work of the Prime Minister’s Advisory Council on Science and Technology (ACST) and the Council of Science and Technology Advisors (CSTA).

In 2003–04, the ACST provided the Prime Minister and Minister of Industry with an integrated set of policy proposals to advance research and commercialization in Canada. In April 2003, after Cabinet review, the CSTA published a report proposing recommendations and mechanisms to improve the effectiveness of federal science and technology communications, contributing to the promotion of innovation in Canada.

(acst-ccst.gc.ca)

(csta-cest.ca)

Industry Canada has made it a priority to work with industry sectors to develop action plans based on their innovation commitments. Action plans were developed for a number of sectors, providing the Department with a better understanding of the innovation issues that the sectors regard as key to their future competitiveness.

In a global marketplace where companies are facing increasing difficulty in remaining competitive, technology planning is of critical importance. Industry Canada assisted companies by providing them with a framework they can use to plan strategically for the requirements of future markets. In 2003–04, frameworks or Technology Roadmaps were completed for Bio-based Feedstocks, Fuels and Industrial Products, and Low-Cost Aerospace Composites (strategis.gc.ca/trm).

The Department continued to work with private stakeholders to strengthen industry's innovation capacity and performance. For example, Communications Research Centre Canada (CRC) (crc.ca) provided access to testing facilities, equipment and technical expertise for small and medium-sized enterprises (SMEs) working in the information and communications technology (ICT) field, which helped them to develop new products. This is particularly important for small companies that often have difficulty finding the technical support facilities

and expertise needed to get new and potentially innovative products off the ground. CRC also established CWCnet — a network of six wireless R&D and testing centres across Canada. The main goal of CWCnet is to provide SMEs with the infrastructure they need to develop and test new wireless products and services, facilitating commercialization (www.cwcnet.ca).

To innovate and succeed in the knowledge-based economy, Canada must be capable of educating, attracting and retaining a sufficient supply of highly skilled workers. Demographic trends predict that future labour force demands will not be met through domestic supply. Therefore, securing the ongoing economic and social contribution of immigrants is crucial. In 2003–04, Industry Canada worked to ensure that Canada has a sufficient supply of highly qualified people, those with a post-secondary degree or diploma, or its equivalent. Specifically, the Department collaborated with:

- Citizenship and Immigration Canada to facilitate the entry of highly qualified people with arranged employment in Canada;
- the former Department of Foreign Affairs and International Trade and non-governmental organization partners, to brand Canada as a study destination of choice, which has resulted in more international students studying and working in Canada; and
- key industry representatives to develop a draft curriculum for biomanufacturing training for the biopharmaceutical industry, which will facilitate the training of highly qualified people for the biotechnology sector.

As a key player working to improve the recognition of foreign credentials, the Department participated in efforts to raise employer awareness about immigration, including using Internet-based solutions. Progress has been made to help immigrants integrate more smoothly into Canada's society and economy, but more work is required in this area. Industry Canada also conducted preliminary outreach activities at well-known universities in Russia, India and China to brand Canada as a global destination for highly qualified people to study, teach, conduct research and work.

Transfer of Intellectual Property

CRC is one of the most successful laboratories in transferring its intellectual property for commercialization. In 2003–04, 38 licence agreements were negotiated, of which 23 were with Canadian companies. A key benefit for companies that access intellectual property from CRC is being able to avoid undertaking long-term and risky investments.

(crc.ca)

Expanded knowledge base, especially in fields with good opportunities

Communities and regions across Canada are the socio-economic foundation of the country; they possess knowledge resources that create economic value. At the same time, *Canada's Innovation Strategy* recognizes that a one-size-fits-all solution to improve regional and community innovation performance is neither appropriate nor desirable. Industry Canada is committed to achieving a broader understanding of regional- and community-level development in order to capitalize on the unique advantages that each region and community possesses. In 2003–04, the Department undertook a comprehensive analysis of economic developments and trends at the regional and community levels in order to better understand the factors influencing local standard of living and productivity performance. The analysis provided insight into local factors that have an important impact on innovation, thereby assisting Industry Canada in developing innovation initiatives suited to the varying conditions of regions and communities.

To enhance business innovation, competitiveness and market expansion, as well as improve community and business participation in the knowledge-based economy, the Federal Economic Development Initiative for Northern Ontario (FedNor) continued to invest in community-based innovation in Northern Ontario, with a special focus on the resource sector. In 2003–04, FedNor supported and contributed to the following knowledge-based initiatives consistent with the national innovation agenda:

- eight projects worth almost \$1 million related to the northwestern Ontario forestry cluster;
- the development of a strategic plan under the Northwestern Ontario Innovation Team initiative; and
- five R&D projects with SMEs, totalling an investment of \$1.4 million.

Investing in cutting-edge technologies is fundamental for countries that aim to succeed in the 21st century. Emerging sectors such as biotechnology, health science, environmental technology, nanotechnology and ICTs offer high potential for growth. Through programs such as TPC, and organizations such as Genome Canada, Fuel Cells Canada and BioProducts Canada, Industry Canada has continued working to ensure that the Canadian economy is well positioned to take full advantage of emerging sectors with a high potential for sustainable growth.

Technology Partnerships Canada (TPC)

An external program evaluation conducted in 2003–04 indicated that, since its inception in 1996, TPC has proven to be a very successful instrument in accelerating Canada's ability to commercialize research discoveries and turn them into new products. TPC continues to generate a strong growth in demand, especially in the area of transformative technologies.

The 2003 program evaluation findings suggest that:

- 90 percent of recipient firms surveyed, reported that new or improved technologies had been developed and that the firms' technological capability had improved because of their TPC-supported project;
- more than 66 percent of firms reported that their competitive position had improved; and
- 80 percent reported that new highly skilled jobs had been created.

The TPC R&D program's strategic investments maintain and expand the technology base and technological capabilities of Canadian industry in high-growth sectors. In 2003–04, TPC invested \$189.7 million in 38 projects,¹ including:

- \$87.1 million in 24 aerospace and defence projects;
- \$56.7 million in eight enabling technologies projects; and
- \$45.9 million in six environmental technologies projects.

Supporting technology is inherently risky. TPC manages risk by investing in a share of the costs of R&D (30 percent on average) in different projects spread across the strategic high-growth sectors. A diversified and well-managed portfolio of investments means TPC protects the public's interests since risks are contained within the portfolio.

¹Does not include investments made under the TPC-Industrial Research Assistance Program initiative.

(tpc.ic.gc.ca)

The Department conducted an analysis of the innovation steps needed to increase the commercialization and economic growth of industrial sectors that use biomass to produce industrial bioproducts. The key challenges identified were financing, skills, infrastructure and capacity. In response, Industry Canada has mobilized the stakeholder community to produce and publish an Innovation Roadmap. This Innovation Roadmap will allow industry to work with governments and academia to design long-term strategies to utilize Canada's biomass to produce industrial bioproducts that include fuels, industrial feedstocks and industrial products.

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

If Canada is to capitalize on the momentum generated by investments in R&D, we must improve our commercialization performance by increasing the transformation of research outcomes into economic benefits for Canadians.

As stated in the 2004 Speech from the Throne, we need to do more to get our ideas and innovations out of our minds and into the marketplace. In order to facilitate commercialization and technology transfer for Canadian innovations, two products have been launched:

- the Commercialization Portal, designed to unite science and business by linking users to the most pertinent elements of the technology commercialization process; and
- Life Sciences e-Technology Transfer, an international marketplace of licensing opportunities, providing a showcase for Canadian-based research and innovation in the life sciences sector.

Both products are accessible through the Life Sciences Gateway (**strategis.gc.ca/lifesciences**). The life sciences community can use key Government On-Line resources to take a practical approach to business development and the marketing of the products of their research. Providing companies from around the world with a tool to quickly identify Canadian licensing opportunities helps to bring Canadian research and innovation to the market faster.

In addition, the Department analysed the performance of the biopharmaceutical industry in terms of the development of products in the commercialization pipeline. This resulted in the development of the Biopharma Product Pipeline, a Web site that can assist with the formation of company partnerships for commercialization purposes, as well as analytical data to benchmark the Canadian biopharmaceutical industry against international competitors.

To increase commercialization, the government announced, in Budget 2003, the implementation of the Medical and Related Sciences (MaRS) Discovery District (**marsdd.com**) initiative. MaRS is a not-for-profit corporation founded by leaders from Canada's academic, business and scientific communities. This initiative will help increase the rate of commercialization at research hospitals and universities, encourage greater private sector investments in health research commercialization activities, and foster closer links between Canadian researchers and the business community.

Genome Canada

Genome Canada enables Canada to become a world leader in genomics and proteomics research by bringing together consortia to deliver genomics research, technology platforms and major genomics projects.

In 2003–04, through its five regional Genome Centres, Genome Canada successfully achieved the following:

- conducted research in 56 large-scale projects;
- co-funded the touring *Gee!* in *Genome* exhibit;
- held the first National Genomics and Proteomics Symposium;
- participated in the International Consortium initiative, the Bovine Genome Sequencing Project, to understand and control Bovine Spongiform Encephalopathy; and
- supported the rapid response to sequencing the Severe Acute Respiratory Syndrome (SARS) coronavirus.

(genomecanada.ca)

Industry Canada, through the Precarn Phase III Research Program, continued to support the increased development and use of intelligent systems technologies. Precarn brings together communities of common interest to focus on the development and commercialization of critical enabling technologies. The fundamental requirement of each Precarn project is the development of detailed plans for the commercialization of project results, leading to the commercial exploitation of R&D, thereby increasing receptor capacity to develop and apply innovative products and processes. In 2003–04, Precarn managed 27 projects with a budget of approximately \$6.5 million. Precarn has recently passed the midpoint of its program, with many projects reaching completion and achieving early results. For example, Quester Tangent Corporation developed a diagnostic and monitoring system for rail rapid transit vehicles which has been sold to the New Jersey Transit Authority. A Program Evaluation for Precarn Phase III will be completed in 2004.

Industry Canada also helped companies incorporate practices such as lean manufacturing into their operations. The Department organized “Best Practices in Lean Excellence 2004” with CME, and the Productivity and Profit forum, attended by 177 and 85 company representatives, respectively. These workshops enabled expert practitioners to work directly with Canadian companies to help them understand key competitiveness concepts, including lean manufacturing. Other examples of industry adoption of productivity-enhancing manufacturing techniques are available at strategis.gc.ca

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

Safeguarding our natural environment for future generations through sustainable and eco-efficient practices and new “green technologies” is one of the main priorities of the Government of Canada. Getting companies to adopt eco-efficient practices and technologies not only improves their shareholder value and our environment, but also helps drive innovation, which strengthens our productivity and economy as a whole.

To raise awareness among businesses of the eco-efficiency practices and tools available to them, Industry Canada conducted a series of workshops, “Eco-efficiency: Good Business Sense.” In partnership with other federal departments, industry and academia, the Department completed the Sustainability Assessment Framework and Toolkit (SAFT). The SAFT is designed to assess the sustainability of technologies early in the research stage. The Department also conducted eco-industrial clustering workshops, designed to provide information to manufacturers, businesses and SMEs across Canada about current sustainable practices and partnership opportunities for reduced material and energy wastes. As a follow-up to these workshops, national associations, such as the Cement Association of Canada, are now planning a sustainable development workshop series in eight cities across Canada. The workshops will discuss opportunities for sustainable construction with stakeholders across the full supply chain, from cement producers, to mixers, to building designers and city planners.

The Department, through TPC, continued to support the government’s climate change agenda by making strategic investments in research, development and innovation in key transformative technologies. TPC’s environmental strategy enables companies to further their technologies, and pursue significant breakthroughs in the development of sustainable energy alternatives and pollution prevention, abatement and remediation.

In 2003–04, TPC invested \$45.9 million in six environmental and energy technology projects. These included two projects with quantified climate change benefits: a \$9.6-million investment in QuestAir Technologies to help develop key enabling technologies for hydrogen purification and high temperature fuel cell efficiency improvement; and an \$8.7-million investment in Honeywell ASCa Inc., to help develop environmentally friendly pulp and paper manufacturing technologies.

Industry Canada continued to promote sustainable development through the three objectives of its second Sustainable Development Strategy 2000–03: enhancing the capacity of Canadians, industries and firms to develop and use eco-efficient practices tools and technologies; facilitating the development and diffusion of environmental and enabling technologies; and integrating sustainable development into decision making, including departmental policies, plans and operations. During this reporting period, Industry Canada successfully met its target of completing 29 action plan deliverables related to the three objectives. The Department worked with many stakeholders to advance these objectives, which collectively help contribute to improving Canada's innovation and sustainable development performance. One of the key adjustments that the Department made during this period was to take greater advantage of new opportunities. As a consequence, the Department delivered more than was required on a minimum of 10 out of 29 of its action items. For additional information on the accomplishments of the Sustainable Development Strategy, see the table on page 46 of this report, the Department's Sustainable Development Web site

(strategis.gc.ca/sd), and Chapter 3 of the *2003 Report of the Commissioner of the Environment and Sustainable Development* (www.oag-bvg.gc.ca/domino/reports.nsf/html/c2003menu_e.html).

h2 Early Adopters Program

TPC's h2 Early Adopters (h2EA) program was announced in October 2003 as part of an \$80-million, five-year Government of Canada commitment to the hydrogen economy.

The program received \$60 million over five years to be invested in integrated demonstration projects undertaken by public and private sector partners. The projects will showcase a working model of the hydrogen economy in real-world settings.

The continuing development and demonstration of fuel cell and hydrogen technologies will set the stage for further emission-reduction initiatives, helping Canada achieve its long-term climate change objectives.

(tpc.ic.gc.ca/h2)

Corporate Sustainability Reporting

Corporate sustainability practices can help drive innovation, eco-efficiency and the uptake of technologies, while enabling better company performance.

In 2003–04, Industry Canada and two other departments supported the development of a Web-based Corporate Sustainability Reporting Toolkit, which companies listed on the Toronto Stock Exchange were encouraged to use.

Positive feedback has been received from the financial community and industry, with about 1,500 visits per month to the Web site. As a result, there has been an improved understanding and knowledge of sustainability reporting practices by Canadian companies.

(sustainabilityreporting.ca)

● CONNECTEDNESS: Making Canada the most connected country in the world

In a world of rapidly changing technology, Canada recognized early on that connectedness would be key to building a competitive and innovative Canadian economy and an inclusive society. The Government of Canada has been committed to making Canada the most connected country in the world, and providing its citizens with affordable access to an advanced information and communication infrastructure, as well as the skills necessary to fully reap the benefits of the information age.

Estimated financial resources allocated during 2003–04 to make Canada the most connected country in the world were \$243.6 million.

According to The Conference Board of Canada, Canada is ranked as the second most connected country in the world, for the fourth consecutive year.

Industry Canada is working toward achieving Canada’s connectedness goals by focussing on activities, programs and policies related to the three pillars of a networked nation: infrastructure, use and content.

Having made significant progress toward its connectedness goals, Industry Canada continues to make strides in developing Canada’s broadband infrastructure, through the implementation of initiatives such as the Broadband for Rural and Northern Development Pilot Program. The program contributes to fulfilling the commitment to ensure the availability of broadband access in Canadian communities by 2005. It has been created to assist those communities that are currently without broadband access. Most often, improved access is necessary in First Nations, Northern, rural and remote communities to provide health and education services, and increase economic opportunities.

In order to achieve its objective of making Canada the most connected country in the world, the Department has identified a number of key result commitments (see Industry Canada Priorities Chart on page 8). Results achieved by Industry Canada are reported for each key result commitment.

Broadband Access in the Atlantic and Prairie and Northern Regions

With nearly 50 percent of its population located in rural regions, Atlantic Canada’s communities responded with enthusiasm and innovative participation in the Broadband for Rural and Northern Development Pilot Program. In fact, one third of all national approvals for projects from rural, First Nations, and remote communities were awarded in the region.

The Wheat Belt Community Futures Development Corporation was awarded funding through the Broadband for Rural and Northern Development Pilot Program to connect more than 30 communities in southwestern Manitoba. This new, high-speed broadband network has allowed 50 institutions, such as rural municipal offices and economic development centres, to install video-conferencing equipment. This has enhanced program service delivery and allowed communities to cooperate more effectively on broader regional initiatives. The video-conferencing equipment and space is soon to be offered to local business for a fee, thus creating a new revenue stream for the municipal government.

Accomplishments by Key Result Commitment

Pillar I: Infrastructure

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

Broadband infrastructure and access are important components of an innovative economy. They are the foundation on which Canadian companies and social economy enterprises can build and deliver new applications and services in areas such as health, education and commerce, while fostering community empowerment and capacity building. Recognizing this, the Broadband for

Rural and Northern Development Pilot Program was launched in September 2002, and contributes to fulfilling the government's commitment to ensure the availability of broadband access in Canadian communities by 2005. The broadband pilot program funds community-based initiatives to deploy broadband networks under private sector leadership in communities unlikely to be served by market forces alone. A total of \$4.2 million was invested in 154 projects for communities across Canada to develop business plans, and \$79 million was invested in 58 projects representing approximately 850 communities to deploy broadband services to their communities (broadband.gc.ca). Under its Rural and Remote Broadband Access Program, CRC continued to develop cost-effective access technologies and to exploit new frequency bands to provide affordable and reliable broadband services targeted to rural and remote communities across Canada.

Review of Programs to Connect Canadians

In fall 2003, Industry Canada undertook a review of all core programs and initiatives under the Connecting Canadians umbrella, including:

- SchoolNet
- Community Access Program (CAP)
- Computers for Schools
- Smart Communities
- Francommunautés virtuelles
- CANARIE Inc.
- E-Commerce

The Department conducted formal program evaluations; consulted with primary stakeholders and partners; identified current related activities in other government departments, the provinces, and the private sector; examined emerging domestic and international ICT trends; and assessed the federal government's role in supporting the diffusion and use of ICTs. The results of this review are being used to inform policy development and have helped the Department secure an additional two years of funding for SchoolNet and CAP.

Industry Canada has continued to play a leadership role in ensuring that Canadians have access to the digital infrastructure by promoting digital literacy and facilitating equitable participation in the networked economy, through programs such as SchoolNet and the Community Access Program (CAP).

Industry Canada, in collaboration with Statistics Canada, designed and delivered the first nationwide school survey of ICT in the K–12 educational system. This survey looked for evidence of a digital divide among schools, based on variables such as school size, rural or urban location, elementary or secondary level of instruction, and public or private type of school. The survey was sent to 15,549 school principals, and yielded a broad, forward-looking national view on the status of ICT integration in learning. A summary report has been released by Statistics Canada (www.statcan.ca). The next phase of the project will involve an analysis of the situation in First Nations schools in order to assess the extent of the digital divide.

The First Nations SchoolNet has significantly contributed to bridging the digital divide in a segment of the Canadian population that is typically located in rural and remote locations. In 2003–04, there was a 28-percent increase in the number of First Nations schools connected to the Internet and a 13-percent increase in First Nations schools with enhanced connectivity. The ratio of computers to First Nations students has also improved from 1:20 in December 2002 to an average of 1:13 in March 2004. Such access to ICTs in schools will enable students to graduate with digital literacy skills and facilitate their participation in the knowledge economy.

Enhancing the Sustainability of the Community Access Program (CAP)

The Prairie and Northern Region hosted three Think Tank sessions involving community champions from CAP sites and networks. The sessions provided the participants with an opportunity to share ideas and plans about creating provincial and territorial e-associations. These e-associations, formed by combining smaller CAP networks, provide:

- stronger forums for collective decision making;
- additional stability;
- more opportunities to share best practices, as well as human, technical and other resources;
- the negotiation of bulk purchases; and
- new potential funding and revenue opportunities.

Since its inception in 1994, CAP has provided funding to more than 8,800 CAP Centres across Canada, enabling citizens, organizations and business in rural and urban communities to access ICTs at various locations. In 2003–04, CAP provided sustainability funding to approximately 7,000 CAP Centres.

Industry Canada, through CANARIE Inc., has launched CA*net4, which provides advanced infrastructure that enables world-class collaborative research by connecting Canadian research facilities to their international peers. Industry Canada has established a federal review committee to monitor and review Canada's progress toward the goals of CA*net4.

Industry Canada led the Canadian delegation to the UN World Summit on the Information Society in December 2003, building high-level international understanding and support for the Connecting Canadians model, and broad appreciation for Canadian expertise.

Canada provided leadership in attaining international consensus in support of a multi-stakeholder approach to global connectedness among the summit's 11,000 delegates, including 44 heads of state and other government, private sector and civil society representatives. The results of the first phase were reflected in the consensus Declaration and Action Plan, which included Canadian and Industry Canada views on the role of ICT as a key tool for social, cultural and economic development.

In the wake of the current geopolitical uncertainty, maintaining and improving the integrity and security of Canada's communications infrastructure has received increasing focus. In 2003–04, Industry Canada continued to work with stakeholders to enhance Canada's emergency telecommunication preparedness policies and processes to ensure that Canadians are connected to each other and the world in times of emergency. Initiatives included the following:

- A High Probability of Completion (HPC) feasibility study was conducted. HPC is intended for extremely stressed network situations, when normal network management tools may not be able to handle high volume traffic or when the demand exceeds long-distance capacity. The study showed that HPC could be implemented in Canada, and an action plan is being prepared.
- A preliminary study for Wireless Priority Service (WPS) was undertaken. WPS permits wireless telecommunications systems to provide emergency users with priority access.
- Analytical studies and demonstrations of new telecommunications-based public alerting technologies were conducted, and field trials with the Canadian Broadcasting Corporation were launched to demonstrate the feasibility of a National Public Alerting system.
- A Telecommunications Cyber Protection Working Group was created with major Canadian telecommunication companies to address common cyber concerns in order to develop plans and procedures for information sharing and incident response.
- The Protocol Analysis Laboratory, in collaboration with three major universities, will develop tools and conduct analysis on telecommunications protocols.

SourceCAN

SourceCAN, Canada's e-marketplace and business opportunities network, is a harmonized business portal that provides Canadian companies with business opportunities and tools needed to conduct business on the Web. In 2003–04, Industry Canada:

- increased Canada's access to international business opportunities by adding the International Funding Information Services, including more than 31 feeds from international financial institutions and development organizations;
- channelled more than 418,000 qualified business leads, resulting in over \$400 million in contracts for its clients;
- increased the multilingual capability of the network, by translating its Web site into Spanish and Chinese;
- launched a new client-centred registration process, improving business opportunities and partnering functions;
- adopted a United Nations Standard Products and Services Code, further harmonizing the content; and
- developed new federal/provincial/territorial, municipal and international partnerships, including with the provinces of Quebec, Saskatchewan and British Columbia.

These efforts will increase the branding of Canada's capabilities to a potential market of more than 1.7 billion customers.

(sourcecan.com)

The goal of these initiatives is to improve the robustness of Canada's telecommunication networks and ensure their integrity in the face of cyber attacks.

Pillar II: Use

A world-leading environment for electronic commerce

ICTs, such as the Internet, have profoundly changed the way people communicate, share information and conduct business, making e-business a fundamental feature of the new global economy. For Canada to remain competitive in this new environment, Canadian SMEs need to take full advantage of the opportunities being offered by e-commerce. Industry Canada's goal is to create a world-leading environment that encourages and accelerates the adoption and growth of e-commerce across all sectors of the economy.

Industry Canada's e-business portal, *ebiz.enable*, guides SMEs through the issues and options in implementing e-business strategies. In 2003–04, improvements included a reorganization of the Web site, improved navigation and additions to better serve the needs of Canadian firms. Additions included an on-line tutorial providing a broad introduction to e-business basics and a new return-on-investment module to assist with e-business investment decisions. Web site visits increased dramatically to 22,000 a month in March 2004 — more than double the number of visits in the previous year.

The Canadian e-Business Initiative (CeBI) (***cebi.ca***) is a voluntary partnership led by the private sector, focussing on productivity, leadership and innovation. Through CeBI, Industry Canada is helping to create the right environment for e-business in Canada by advocating e-business adoption and use, advising on tax and investment rules that hamper economic growth, branding Canada as a country with technological skills and expertise, and benchmarking Canada's performance in the digital economy. CeBI publishes *Fast Forward*, a report looking at Internet-based business networks across the Canadian economy, and *Net Impact Study*, exploring how Canadian SMEs compare with similar firms abroad. CeBI also provides on-line tools for SMEs and privacy information for businesses. In addition, Industry Canada has supported benchmarking performance of the digital economy at both the firm and the national levels in Canada. Releases such as the Survey of Electronic Commerce and Technology by Statistics Canada indicate strong year-over-year growth in e-commerce in Canada. While the 2003 Connectedness Index indicates that Canada is tied for second place in the availability and use of ICTs, other indicators point to a lag in adoption and efficient use of e-commerce and ICTs. Nevertheless, these initiatives have led to the continued development of private–public partnerships and the promotion of Canadian e-business successes and best practices.

The Department has also worked to accelerate SMEs' adoption of e-business applications through the Student Connections (SC) initiative (***studentconnections.ca***). SC provides SMEs with hands-on practical assistance to help them adopt e-business practices. In 2003–04, more than 16,500 clients received technology training from SC. This training helps SMEs learn how to incorporate on-line activities into their business practices and become informed consumers of information technology support services. It also assists them in developing a strong Internet presence. SC training is delivered by post-secondary students. In 2003–04, SC provided more than 400 post-secondary students with the opportunity to further develop their ICT knowledge and skills through on-the-job experience.

Of the clients who received e-commerce training, more than 1,300 received instruction on Internet security. A 2002 report by the Canadian Bankers Association (***cba.ca***) identified security and privacy issues as key areas where private and public sectors need to do more to help Canadian SMEs deal with e-commerce. By addressing this concern, SC is helping SMEs to create a more secure environment for on-line business.

With the aim of educating and raising awareness about the importance of e-business to industry, professional and not-for-profit associations, as well as to encourage more enterprises to become part of the e-economy, Industry Canada convened two “Partnering for e-Business” conferences. The events, which profiled private and public sector services and tools available to assist enterprises and associations with e-business take-up, were attended by more than 300 provincial, territorial and national associations and their members.

Pillar III: Content

Canadian digital content and applications on-line maximized

There is a demand for greater quantity and quality of multimedia applications, collections, information and services relating to Canada and Canadians. Canadian industries need to be well positioned to capitalize on these potential opportunities with innovative applications and services. Improving Canada’s ICT infrastructure across the country is essential to enabling the full interactivity and use of ICT applications that could provide socio-economic benefits, such as e-health and e-learning.

In 2003–04, Industry Canada continued to support the development and demonstration of innovative applications and technologies to advance broadband networks and strengthen the ICT infrastructure across Canada, through such programs as CANARIE Inc. (canarie.ca).

For example, CANARIE Inc.’s Phase 3 Advanced Applications Development Program (AADP) supported the development and diffusion of approximately 80 projects in 2003–04. The projects developed advanced applications in priority sectors, such as e-business, e-learning, e-health and intelligent systems. The AADP terminated on March 31, 2004. A final evaluation of the program was completed, focussing on issues of relevance, success and future directions for CANARIE. Although it was too early to fully demonstrate the benefits of the applications supported, as many were at a pre-competitive stage, the program was successful in promoting and facilitating collaboration among organizations and individuals, and developing communities of interest. This success is attributed to CANARIE’s ability to overcome institutional and cross-jurisdictional impediments, as well as to its reputation as being a credible, knowledgeable and experienced organization. Phase 3 also demonstrated the contribution that advanced applications can make to the economy.

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

The federal Government made a commitment to better connect with businesses and citizens through its Government On-Line (GOL) initiative by ensuring that its most frequently used services are available on-line by 2005. In 2003, Industry Canada met its accelerated GOL target by having all of its 17 key services on-line — a full two years ahead of the Government of Canada’s target. Canadians and businesses now have on-line access to Industry Canada’s most frequently used information products, as well as its grants and contributions programs. They can also complete transactions on-line in order to comply with key regulations.

MusicGrid

With CRC’s expertise and funding from CANARIE Inc., the MusicGrid project successfully demonstrated the potential of using broadband technology for remote education and learning. Launched in September 2003, MusicGrid enabled experts located in large cities to effectively teach music in remote locations. The program connected music students, teachers, conservatories, professional musicians and researchers throughout Ontario, Quebec, Newfoundland and Labrador, and Nunavut, using CA*net4’s bandwidth network and satellite links.

(www.musicgrid.ca)

Examples of the Department's accomplishments include the following:

- the Assistive Technology portal (at-links.gc.ca), used by approximately 295 people per day, which provides access to on-line documentation for people with disabilities, as well as information about assistive technology;
- joint provincial registration and federal incorporation, which allows businesses in Newfoundland and Labrador, Nova Scotia and Ontario to incorporate federally and provincially at the same time, as well as to make payments;
- a 94.6-percent satisfaction rate among businesses with on-line federal incorporations;
- a threefold increase in the take-up of the Canadian Intellectual Property Office's (CIPO) on-line services;
- the filing by trustees in 2003 of 25 percent of all summary administration files on-line, on behalf of their clients, through the Office of the Superintendent of Bankruptcy Canada (OSB);
- a take-up rate of 99 percent on the lobbyist registration service;
- the piloting of an on-line scheduling of investigations by Measurement Canada; and
- the introduction of secure on-line payment of fees for CIPO, Competition Bureau Federal Incorporations and OSB sent directly to the Receiver General.

The Department will continue to increase the functionality of its on-line services and is now focussing on increasing on-line take-up.

In 2003–04, the Department played a leadership role with other federal partners in developing a post-GOL Service to Business Vision, which articulates how services to businesses could evolve beyond 2005.

More information on GOL and citizen-centred service delivery can be found in Section 2.5 on pages 42 to 44.

Strategis

As Industry Canada's business and consumer Web site, Strategis remains a window of choice for accessing information on the Department's programs and services. The mix of information and transactional services available through the Web site has proven valuable to a broad community of Canadians. In 2003–04, traffic on the Strategis Web site increased by more than 50 percent over the previous fiscal year for a total of about 15 million visitors.

In response to increasing client traffic on Strategis and as a result of the recommendations of the 2002 Evaluation Study, Industry Canada began an infrastructure renewal exercise to ensure that the Strategis infrastructure would be robust enough to meet its increasing client demands. In addition to continually enhancing information products, improvements were also made to the Strategis search function. An instant polling application was also developed in order to continue to be able to gauge client needs and expectations.

(strategis.gc.ca)

● MARKETPLACE: Building a fair, efficient and competitive marketplace

An effective marketplace is necessary to build and maintain consumer confidence, and to foster an environment conducive to investment and sustainable development. A fair, efficient and competitive marketplace, combined with an effective regulatory framework, creates a business environment that is supportive of innovation and economic growth, while providing protection to individual Canadians. A robust marketplace also enables Industry Canada to explore the use of sustainable development policy instruments, which both harness the power of the market and advance the Department's sustainable development agenda.

Estimated financial resources allocated during 2003–04 to building a fair, efficient and competitive marketplace were \$131.5 million.

According to the OECD, Canada has the second lowest levels of regulatory barriers to entrepreneurship among OECD countries.

Industry Canada worked to ensure that Canada has a progressive copyright regime that supports increased investment in knowledge and cultural works. In fact, the Department has embarked on a program of copyright reform over the short, medium and long term, as set out in the report *Supporting Culture and Innovation: Report on the Provisions and Operations of the Copyright Act* (the "Section 92 Report"), tabled in Parliament in October 2002 (see Section 3.8 on page 74). The Department has supported the work of the House Standing Committee on Canadian Heritage (SCCH) in reviewing the *Copyright Act* and, with the Department of Canadian Heritage, jointly tabled with the SCCH, the *Status Report on Copyright Reform* (see Section 3.8 on page 74), which sets out possible policy approaches with respect to short-term copyright issues. In turn, the SCCH tabled its own report, entitled *Interim Report on Copyright Reform* (found at www.parl.gc.ca/InfocomDoc/documents/37/3/parlbus/commbus/house/reports/herirp01-e.htm), which provides recommendations for government consideration on a number of short-term copyright priority issues.

Industry Canada took the lead in developing legislation to implement the World Trade Organization's (WTO) August 30, 2003, decision related to intellectual property and public health. Bill C-9, now known as the *Jean Chrétien Pledge to Africa Act*, received Royal Assent in May 2004. By facilitating access to pharmaceutical products, the legislation will help address public health problems affecting many developing countries.

In 2003–04, Industry Canada's marketplace service organizations (MSOs) worked to ensure the marketplace remains competitive and dynamic by continuing to modernize and improve the services provided to Canadians, as well as the tools used to detect, prevent and deter fraudulent, unfair and deceptive behaviour.

In order to achieve its objective of building a fair, efficient and competitive marketplace, the Department has identified a number of key result commitments (see Industry Canada Priorities Chart on page 8). Results achieved by Industry Canada are reported for each key result commitment.

Marketplace Service Organizations

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

Accomplishments by Key Result Commitment

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

For the market to be responsive, to attract investment and to protect consumers, marketplace frameworks must be in place that minimize the regulatory burden, and create incentives to innovate, while discouraging illegal and fraudulent marketplace behaviour. Modern regulatory frameworks are required to enable Canadian firms to compete successfully in the global marketplace, and attract the talent and investment required to fuel their growth.

Smart regulation promotes innovation and investment. As part of the smart regulation initiative, the Government of Canada created the External Advisory Committee on Smart Regulation in order to do the following:

- provide external advice on re-designing Canada's regulatory approach for the 21st century;
- identify sectors and areas for regulatory reform; and
- advise on specific issues raised by stakeholders.

In 2003–04, Industry Canada participated in the smart regulation initiative, supporting the work of the External Advisory Committee by providing extensive input on sectoral regulatory issues. This input helped to identify issues of concern to industry and priorities for regulatory reform. Industry Canada also contributed to a report, submitted to the committee, promoting the use of standards and codes as complementary or alternative regulatory instruments. The use of standards and codes is seen as contributing to the development of a more efficient and effective regulatory regime, while continuing to protect the public interest.

As announced in Budget 2004, the government is committed to developing a new corporate framework legislation in support of Canada's social economy. During 2003–04, the Department worked on proposals to replace Part II of the *Canada Corporations Act* with a new not-for-profit corporate statute to streamline the incorporation process and provide for modern governance rules. The new statute would contribute to ensuring the strength and vitality of not-for-profit and volunteer organizations in servicing the needs of Canadians.

In 2003–04, Industry Canada also worked to develop a series of proposals to reform and strengthen the *Canada Business Corporations Act*, Canada's corporate governance legislation, which was also announced in Budget 2004. Amendments to the *Canada Business Corporations Act* would help to ensure that corporate governance standards of federally incorporated companies remain of the highest order and would serve to strengthen investor and public confidence in Canadian markets. The proposals will take into account the recommendations of the Senate Committee on Banking, Trade and Commerce, outlined in the June 2003 report on investor confidence issues that affect Canadian markets (www.parl.gc.ca/37/2/parlbus/commbus/senate/com-e/bank-e/rep-e/rep12jun03-e.pdf).

The Department was also actively involved in a review of key issues facing Canada's insolvency system, headed by the Senate Committee on Banking, Trade and Commerce. Departmental officials appeared before the committee in May 2003, providing a report that detailed policy options on a number of commercial and consumer insolvency issues to guide the committee in its review. The OSB supported the work of the committee by identifying possible improvements to the administration of Canada's insolvency laws. The committee held extensive public hearings and, in November 2003, released its report, *Debtors and Creditors Sharing the Burden: A Review of the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act* (see Section 3.8 on page 74). The report contained 53 recommendations for reforming the *Bankruptcy and Insolvency Act* and *Companies' Creditors Arrangement Act*. The Department has begun a thorough examination of these recommendations.

In response to rapidly changing marketplace conditions, such as the development of the Internet, Industry Canada continued to work toward the development of Internet voluntary codes and standards. The Canadian Code of Practice for Consumer Protection in Electronic Commerce was endorsed in January 2004 by federal, provincial and territorial Ministers responsible for consumer affairs. This ministerial endorsement is one step toward the implementation of the Canadian Code by Canadian businesses. Implementation of the Canadian Code will enhance consumer confidence in Canada's e-commerce, as merchants who comply with the code are more likely to be reliable and provide consumers with the information they need to make informed on-line purchasing decisions.

In 2001–02, the Competition Bureau (cb-bc.gc.ca) committed to conducting a review of the regulations under the *Consumer Packaging and Labelling Act*, the *Textile Labelling Act* and the *Precious Metals Marking Act* to identify areas where amendments would be beneficial to address developments in the marketplace. The review was delayed due to an internal examination of the Bureau's regulatory programs. This past year, the Bureau commissioned a report on how these programs can be further integrated into the mainstream of the Bureau's compliance activities.

Sound competition law and policy and their effective enforcement in other countries ensures greater certainty for Canadian firms doing business abroad, and reinforces and supports trade liberalization by committing countries to address anti-competitive practices. The Competition Bureau has been providing technical assistance to a number of countries in the process of drafting, implementing and enforcing their own competition laws. The Bureau has also been an active participant in international initiatives to share expertise on competition policy and regulatory reform.

The ability to gather information from foreign jurisdictions is also key to enforcing and promoting competition in a globalized economy. Part III of the *Competition Act* was added in June 2002 to permit Canada to enter into Mutual Legal Assistance Agreements in non-criminal competition matters. This will facilitate evidence gathering in investigations involving mergers, misleading advertising and abuse of dominance.

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

The evolving marketplace, economic downturns and deregulation are among some of the many factors that require the continual review of services, interventions and tools used by the MSOs to ensure that the marketplace operates fairly and effectively.

Among Industry Canada's priorities in 2003–04 was to establish a voluntary registration program to give qualified companies the authority to certify, on Measurement Canada's behalf, the accuracy of measurement systems in the downstream petroleum sector. Following the launch of the program in April 2004, Measurement Canada has begun training industry technicians for them to qualify to perform inspections. More training is scheduled to be delivered in fall 2004. This registration program has helped

Immunity Under the Competition Act

International criminal cartel activity can result in higher prices for Canadian consumers.

As part of its continued efforts to identify, prosecute and deter cartels, the Competition Bureau published *Immunity Under the Competition Act*. Increasing awareness of the Bureau's immunity program has resulted in an increased number of immunity applications (45 since 1998) from which 14 provisional guarantees of immunity were granted, contributing to 22 guilty pleas. Out of \$174 million collected in judgment fines, \$54 million is attributable to the Bureau's Immunity Program. Communication of the results of these activities increases public confidence in a fair, efficient and competitive marketplace.

(cb-bc.gc.ca)

provide the downstream petroleum industry and Industry Canada with an alternative service mechanism for the inspection and certification of devices used in trade pursuant to the *Weights and Measures Act*. The program will contribute to maintaining a fair, competitive and accurate marketplace in Canada. Specific information regarding the registration program may be found at mc.ic.gc.ca

Through the Spectrum, Information Technologies and Telecommunications Sector (sitt.ic.gc.ca), the Department also worked during the past fiscal year to streamline regulations for the certification and approval of telecommunication and radiocommunication equipment. Regulations and procedures have been implemented to recognize the certification of radio apparatus by private certification bodies, bringing equipment to market up to six months faster and with significant cost savings. These efficiencies will establish a more competitive environment for the certification of radio apparatus in Canada. In addition, a post-market audit surveillance capability was established to address interference and compliance problems.

In order to provide Canadians and industry with access to spectrum for new communications technologies, Industry Canada played a key role in Canadian negotiations for access to radio frequency spectrum at the 2003 World Radiocommunication Conference. All Canadian goals were achieved with respect to providing Canadians and industry with access to spectrum for new communications technologies, such as Wireless Fidelity (WIFI), Internet access from aircraft via satellite (Boeing Connexion) and IMT 2000 (future cellular systems).

In 2003–04 Industry Canada also took steps to prevent illegal satellite television piracy. The government tabled Bill C-2, which aims to decrease satellite television piracy, help the Canadian broadcasting industry become more vibrant and competitive, and help ensure Canada's marketplace is operating in accordance with its statutes and regulations. The Bill was forwarded to the Standing Committee on Industry, Science and Technology, which passed a motion for the Ministers of Industry and Heritage to establish a small review panel to research and provide recommendations on how to increase choice in terms of new services. This panel is to report by fall 2004.

The OSB worked to ensure continued compliance with the *Bankruptcy and Insolvency Act*. In August 2003, the Initiative for the Orderly and Timely Administration of Insolvency Estates (IOTA) was launched. To date, the initiative has identified a total of 99 non-compliant trustees who have inventory aging issues (i.e. trustees who have files which have been open for a period of time that exceeds the OSB's established standard) or banking issues (i.e. trustees who are not, or who have not, complied with the provisions of the Act, directives or rules pertaining to banking). The 97-percent response rate was very positive and, as of March 31, 2004, IOTA has resulted in some \$8 million being distributed to creditors in the form of dividends. This initiative is an example of Industry Canada's efforts to establish modernized programs and processes to efficiently and effectively identify and mitigate key risks of potential abuse, and maintain the integrity of the Canadian insolvency system.

Preserving Softwood Lumber Competition in Prince George

On March 31, 2004, the Competition Bureau filed a Consent Agreement with the Competition Tribunal, resolving competition concerns arising from Canfor Corporation's acquisition of Slocan Forest Products Ltd. The agreement requires that Canfor, the largest softwood lumber producer in Canada, divest its Fort St. James sawmill, located near Prince George, British Columbia.

The Bureau had concluded that the transaction would have resulted in less choice for log sellers, wood re-manufacturers and wood-chip sellers in the Prince George area. The agreement provides that, if Canfor is unable to divest the Fort St. James sawmill, a trustee will be appointed to complete the sale process.

Confidence in the marketplace

Confidence in the Canadian marketplace is essential in attracting investment, fostering innovation, and providing a climate in which consumers and business are well informed. With the growing complexity of the marketplace, Canadian consumers and businesses require access to more reliable tools and information in order to participate in today's competitive marketplace.

CIPO (cipo.ic.gc.ca) has implemented a number of service improvement initiatives to reduce turnaround times and inventory levels. In addition, CIPO has been working to develop education, training and reference tools to increase the awareness, knowledge and effective use of intellectual property by Canadian entrepreneurs. In today's competitive global economy, it is becoming increasingly essential that entrepreneurs develop strategies to protect and integrate intellectual property into their business processes.

CIPO was also granted status as an International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA). Receiving ISA/IPEA status means that, as of July 2004, CIPO can help clients acquire patent rights worldwide. CIPO's acquisition of ISA/IPEA status, as well as its service improvement initiatives, support Industry Canada's commitment to a responsive marketplace framework that is efficient, competitive and world-class.

Improving Client Services

The OSB launched its e-filing system in December 2002 to facilitate access to its services and improve service to clients.

After one year, OSB achieved its target of 25 percent of summary administrations (24,000 files) being filed electronically. By the end of the 2003-04 fiscal year, the monthly rate was 45 percent of eligible files.

(osb-bsf.ic.gc.ca)

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

Marketing Canada as an attractive place to invest is a priority of the Government of Canada. The changes to the machinery of government announced on December 12, 2003, reflect this priority. Industry Canada continues to work with priority sectors and with target communities to improve the investment climate, and works with International Trade Canada to support the government's investment agenda.

Estimated financial resources allocated during 2003–04 to improving Canada's position as a preferred location for domestic and foreign investment were \$317.8 million.

According to KPMG, Canada has the lowest business costs in the G7.

Investment drives an innovative and dynamic economy, which in turn supports increased wealth and improvements to our standard of living. Both domestic and foreign investment are essential for stimulating economic growth, innovation and sustainable development. Foreign firms make important investments that contribute to raising Canada's productivity and capital investment levels, and are more likely than their domestic equivalents to engage in R&D activities.

Industry Canada continues to develop initiatives and encourage investments in existing and new operations targeted to priority markets and priority sectors, including Aboriginal businesses and SMEs.

In order to achieve its objective of improving Canada's position as a preferred location for domestic and foreign investment, the Department has identified a number of key result commitments (see Industry Canada Priorities Chart on page 8). Results achieved by Industry Canada are reported for each key result commitment for those functions under the Department's jurisdiction.

Investment Priority Sectors

By identifying and targeting priority sectors for investment, Industry Canada and its partners have been able to develop sector-specific marketing and communications strategies.

Industry Canada's investment priority sectors are:

- aerospace and defence
- automotive
- chemicals
- energy technologies
- information and communications technologies
- life sciences (biotechnology, medical devices and pharmaceuticals)

Agriculture and Agri-Food Canada and Natural Resources Canada are key sectoral partners.

(investincanada.gc.ca)

Accomplishments by Key Result Commitment

Improved domestic and international investment climate

In order to improve Canada's domestic and foreign investment climate, impediments to investment need to be identified and addressed. Industry Canada, in consultation with partner organizations and other government departments, continued to research and analyse investment climate issues. The Department also developed a better knowledge and understanding of key impediments and their effect on key industries and on Canada's investment climate.

Research undertaken jointly by Industry Canada, Statistics Canada and Harvard University on the contribution of the ICT industry to growth in productivity and real incomes in Canada and the United States since 1990 highlights the importance of improving the dynamism and

Client Relationship Management Network

SITT Sector developed its Client Relationship Management network to strengthen investor relationships and to enhance its ability to disseminate information on the investment advantages Canada offers, thereby assisting in the attraction, expansion and retention of investment in Canada.

competitiveness of the Canadian ICT industry. This is of particular importance in trying to close the productivity and real income gaps that have emerged between Canada and the United States over the past two decades.

With the support of key stakeholders, including Investment Partnerships Canada, industry associations, and the provinces and territories, Industry Canada analysed business costs in competing locations and incentive offerings in particular for the automotive and aerospace industries. This analysis increased the Department's understanding of competing investment locations. It also resulted in the development of options to address perceptions and issues concerning Canada's investment attractiveness.

The Department also worked with partner organizations on the research and analysis of regulatory matters that are perceived as barriers to investment attraction into Canada, including lack of harmonization in the automotive sector, duty issues affecting the development of the offshore petroleum industry in Atlantic Canada and barriers to commercialization in the life sciences sector. The analysis resulted in a better understanding of the regulatory issues and possible avenues and considerations for regulatory agencies to address investment impediments, particularly investments in innovation, which is a critical driver of new investments in all priority sectors.

The Department and the Industry Portfolio also conducted consultations and research on the Canadian venture capital market for the 1996–2002 period, which led to a better understanding of the risk capital investment climate in Canada. It also fostered private and public stakeholder collaboration on the key outstanding issues that should be addressed when developing policies to strengthen the venture capital industry in Canada and to help facilitate access to risk capital for knowledge-based firms (strategis.gc.ca/venturecapital).

Canadian Automotive Partnership Council

The Canadian Automotive Partnership Council is an industry-led organization composed of senior executives and leaders from industry, labour, academia and government. It focusses on a range of issues facing the industry with respect to assembly and components investment, employment, innovation, sustainability, regulation, and industry identity and cohesiveness.

With the participation of Industry Canada in the form of secretariat services, the council examined trends in Canada's economic performance in the automotive sector, reaffirmed its commitment to benchmark performance against the global trends and identified priority areas for action. These areas include the following:

- tax and program changes in support of investment and R&D;
- means of addressing skills shortages;
- measures to best meet the automotive industry's contribution to the Kyoto Protocol targets; and
- harmonization of occupant restraint standards.

The recent Speech from the Throne placed emphasis on the formation of sector councils. Previous attempts to form a sector council for automotive manufacturing have been unsuccessful. A major accomplishment in 2003–04 was the creation of the Council for Automotive Human Resources for the industry — a permanent national organization that addresses the common human resource challenges facing the industry.

(www.capinfo.ca)

The Atlantic Energy Roundtable

The Atlantic Energy Roundtable is a cooperative effort of federal and provincial departments, and industry associations and their members working to implement the vision of a growing offshore petroleum industry serving the economic and social development of the region. The roundtable has approved a work plan that focusses on addressing regulatory issues and improving industrial opportunities.

Specific outcomes in the past year include:

- a summary of petroleum research needs, which were then matched to regional research capabilities;
- changes to import duties on drill ships to encourage increased exploration in the region;
- enhanced information flow between oil companies and suppliers on planned procurement activities; and
- the development of recommended practices to guide relationships in the supply chain.

(www.apec-econ.ca/aer.htm)

To ensure that Canada's investment policies are world-class, the Minister of Industry announced in November 2002 that the Standing Committee on Industry, Science and Technology would undertake a review of the restrictions on foreign investment in telecommunications. Following the recommendations made by the Standing Committee in their report *Opening Canadian Communications to the World* (see Section 3.8 on page 75), Industry Canada worked to help formulate the Government of Canada's response, which was tabled in the House of Commons on September 25, 2003 (see Section 3.8 on page 75). The response acknowledged that there are benefits to removing the foreign investment restrictions for the telecommunications industry and for the users of these services. However, given the recommendations provided in a report by the Standing Committee on Canadian Heritage, which favoured maintaining these restrictions, the Department will continue to review this issue in order to determine how best to reconcile the conflicting recommendations presented by both committees.

Canada branded and recognized as an investment location of choice

Marketing Canada as an optimum destination for foreign investment is of the utmost importance to the Government of Canada. Despite having the lowest business costs among the G7 countries, Canada is still not considered top of mind by companies when choosing their investment locations.

To promote Canada's advantages as an investment location of choice, the Department continued to inform potential investors of opportunities for expansion and the development of value-added business in Canada by implementing focussed marketing and communications strategies, especially in priority sectors. For example, the Department continued to produce a communications piece, entitled "Think Canada," which defines Canada's economic advantages relative to other major economies, particularly the United States. "Think Canada" is posted on the Investment Partnerships Canada Web site and is used extensively by Canadian embassies and consulates around the world to promote investment in Canada (investincanada.gc.ca).

Marketing Canada's Strengths to the International Business Community

Targeting specific industry sectors, Industry Canada and its stakeholders organized a number of sectoral investment promotions, including:

- the Tokyo and Detroit Auto Shows, the Paris Air Show, and Asian Aerospace 2004 in Singapore;
- Bio 2003 Washington;
- the European Fuel Cell Symposium in the United Kingdom; and
- National Petroleum Refiners Association Petrochemical Conference.

The Department developed focussed communication and marketing messages for use at these events. In addition, more than 200 corporate meetings with ministers, Canada networking receptions, testimonials on investing in Canada and partnering events were held. These events significantly improve awareness among investors and are a major source of new investment leads.

The Department also developed, maintained and disseminated knowledge to investors on the strengths and capabilities of key Canadian industries, providing information on Canadian R&D support, innovation performers and technological capabilities. Industry Canada also developed sectoral brochures detailing the advantages of investing in the Canadian aerospace, automotive, chemical, life science, software and wireless sectors, among others, which were included as part of the KPMG 2004 report, *Competitive Alternatives: The CEO's Guide to International Business Costs* (investincanada.gc.ca).

Increased attraction and retention of multinational investment in Canada

Industry Canada worked with various partners to attract and retain multinational investment by developing sector-specific investment strategies and addressing sector- and company-specific issues that are key for investors who are making location decisions. For example, the

Department developed and implemented a proactive investment strategy for India, which resulted in companies such as Aptech Systems Inc., Satyam Computer Services Ltd. and Datamatics Technologies Ltd. establishing operations in Canada. The Department also updated investment strategies, where needed, for each priority industry sector.

In the priority sectors, the Department identified corporate investment targets that are strong business performers and R&D leaders, and that have high value-added investment prospects. Meetings were arranged with these targeted companies to discuss specific investment opportunities and Canada's relevant attributes as an investment location. These efforts often involved a team approach including the Minister of Industry, senior officials, federal partners, posts abroad, provincial and municipal governments, and industry associations. These coordinated and targeted investment campaign efforts helped influence companies such as Shell Chemical Canada Ltd., Messier Dowty Inc., Robert Bosch Corporation and DaimlerChrysler Canada to invest in Canada. These investments help to broaden the industry sectors' capabilities and their technological and innovation performance — all of which contribute to Industry Canada's ultimate goal of creating a dynamic and growing economy.

Increased investment by SMEs and by Aboriginal businesses

Industry Canada continued to work toward the creation and expansion of viable and durable SMEs and businesses owned by targeted groups. To develop investment capacity at the community level and assist SMEs and targeted groups in addressing financing gaps, FedNor provided investment fund capital to the Community Futures Development Corporations (CFDCs) in Northern and rural Ontario. The CFDCs' lending activities are often critical components of rural-based SME financing solutions. From April to December 2003, FedNor made significant strides in providing greater access to financial support for SMEs in Northern and rural Ontario by partnering with CFDCs and financial institutions. Through the CFDCs' lending activities, over \$35.5 million was invested in local businesses. These funds leveraged more than \$72 million in additional investments from other sources, significantly increasing the leverage ratio of the CFDCs from 1:1.4 in 2002–03 to 1:2 in 2003–04. To minimize risk, individual loans are normally capped at \$125,000 and a variety of business advisory services are provided.

Supporting the creation and expansion of viable businesses in Canada that are owned and controlled by Aboriginal peoples contributes to wealth and employment creation, as well as the economic self-sufficiency of Aboriginal individuals and communities. Supporting Aboriginal SMEs sends a message to domestic and foreign investors that Canada places a high value on wealth creation, employment creation and the economic self-sufficiency of these individuals and communities.

Canada Small Business Financing Program

The primary goal of the Canada Small Business Financing (CSBF) program is to improve access to financing for the establishment, expansion, modernization and improvement of SMEs in Canada.

The program provides a necessary financing vehicle for domestic investment by filling a need that would have been otherwise unavailable or available only under less attractive conditions.

- In 2003–04, more than 11,000 loans to SMEs, generating approximately \$1 billion in investment, were registered under the CSBF program. During the same period, 114 capital leases, representing \$14.8 million in investment, were registered under the Capital Leasing Pilot Project.
- In 2003–04, new business start-ups accounted for over 50 percent of the loans registered with the CSBF program.

(strategis.gc.ca/sc_mangb/smallbus/engdoc/sbla.html)

In 2003–04, an increase in Aboriginal Business Canada's (ABC) grants and contributions budget enabled the program to support more than 1,000 business projects, with investments leveraging over \$100 million. Program support was provided to assist with a range of activities, including business planning, capitalization, marketing and business support. In addition to direct equity contributions, ABC provided support to a network of Aboriginal Financial Institutions (AFIs), which provided loans and business services to small and medium-sized Aboriginal firms across Canada. ABC investment totalling \$800,000 through the Interest Rate Buy-Down component has leveraged more than \$15 million in credit lines which is used for developmental lending. The AFI network provided more than 1,300 loans, with an average loan size of approximately \$40,000. To enhance the survival rates of the businesses supported, ABC emphasizes commercial viability when screening applicants, and provides additional business support through the program.

Investing in an Improved Quality of Life

The Canada-Ontario Infrastructure Program (COIP), the \$680.7-million Ontario component of the national Infrastructure Canada Program, is delivered by Industry Canada on behalf of Infrastructure Canada. Although the program's main priority is green municipal infrastructure, COIP also invests in sports, culture, tourism, transportation and innovation.

Between April 1, 2003, and March 31, 2004, the program announced 70 approved projects, for a Government of Canada contribution of more than \$69 million. In all, by fiscal year-end, 450 projects had been announced since the launch of the program, representing a federal investment in excess of \$569.6 million, or more than 84 percent of the federal allocation. The COIP investment is expected to leverage in excess of \$1.5 billion in capital investment commitments in the province, increasing to more than \$2 billion by the time the program winds down in 2006.

(www.ic.gc.ca/coip-pico)

The Department recognizes that the continual development of skills is important in meeting the changing skills demands of the new economy. For this reason, Industry Canada has worked to improve its understanding of the factors affecting employers' decisions to invest in workplace training, especially in SMEs. A joint research initiative on skills between Human Resources and Skills Development Canada (HRSDC), Industry Canada and the Social Sciences and Humanities Research Council of Canada, entitled the Skills Research Initiative (HISSRI), helped shed light on the state of employer-supported training in Canada and identified important knowledge gaps.

HISSRI supports the federal government's innovation strategy and seeks to develop a shared platform on skills between HRSDC and Industry Canada. A three-year research program has been established to address four main themes: labour market and skills implications of population aging; employer-supported training; adjustments in markets for skilled workers; and international mobility of skilled workers (strategis.gc.ca).

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

Trade is an important contributor to creating economic activity and supporting jobs across the country. There are linkages between investment, innovation and trade that are key to building a strong foundation for international business and to enhancing Canadian productivity. Changes to the machinery of government announced on December 12, 2003, recognize these linkages and demonstrate the importance of trade and investment in Canada.

Estimated financial resources allocated during 2003–04 to working with Canadians to increase Canada's share of global trade were \$30.3 million.

According to the WTO, Canada is the seventh largest merchandise exporter in the world.

Industry Canada supports efforts to increase access to new markets and to secure and improve access to existing markets. It promotes the benefits of exporting and helps SMEs enhance their ability to compete at the global level. It also helps established Canadian companies pursue foreign markets and promotes Canada as a supplier of high quality goods and services. Industry Canada also works with the new department, International Trade Canada, to support the government's trade agenda.

In order to achieve its objective of working with Canadians to increase Canada's share of global trade, the Department has identified a number of key results commitments (see Industry Canada Priorities Chart on page 8). Results achieved by Industry Canada are reported for each key result commitment for those functions remaining under the Department's jurisdiction.

Accomplishments by Key Result Commitment

Secure market access maintained and improved

An open trade environment is essential for new and existing companies to compete and have confidence in the marketplace. The Government of Canada is committed to bringing down trade barriers in key markets, ensuring continued and efficient access to existing markets, and modernizing shared borders.

In order to promote Canadian sectoral trade interests, Industry Canada has been actively working to advance trade liberalization at the multilateral, regional and bilateral levels. In 2003–04, the Department continued to participate in several trade and investment negotiations, including those under the WTO, Free Trade Area of the Americas and the Central America 4. Industry Canada has also participated in exploratory discussions on the feasibility of entering into negotiations with other partners, including the European Union, the Caribbean Community and Common Market, the Andean Community, and the Dominican Republic. In these discussions, Industry Canada ensures that the views and interests of its stakeholders are advanced and promoted. The Department has also been active in the ongoing work of the North American Free Trade Agreement, the OECD and the WTO, including that related to industry-specific issues such as shipbuilding, steel and the Canada–Brazil dispute on aircraft.

The results achieved to date afford Canadian firms and investors expanded access to foreign markets under a strong rules-based system. Industry Canada also worked closely with other departments, such as International Trade Canada, to promote a strong rules-based trading system, to ensure that trade barriers and emerging issues do not negatively affect Canadian industry, and to ensure that domestic initiatives are consistent with international trade rules.

In 2003–04, Industry Canada also worked to promote Canadian interests at trade forums as leaders in the adoption and use of e-commerce. Through its work in the OECD and Asia-Pacific Economic Cooperation (APEC), the Department has promoted capacity building and trade

facilitation measures to foster the adoption and use of e-commerce. For instance, APEC privacy guidelines have been developed reflecting the Canadian approach, and an international consensus has been reached for the need to combat spam on the Internet.

Following a review of the Government of Canada's existing capacity to represent Canadian interests in the United States, Industry Canada entered into a multi-year partnership with Foreign Affairs Canada, International Trade Canada, Agriculture and Agri-Food Canada, Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Western Economic Diversification Canada, and National Research Council Canada. This partnership, the Enhanced Representation Initiative, complements existing efforts to promote Canadian interests in the United States through proactive participation in both the political and economic sectors, at a regional level. The initiative allows Industry Canada to participate in defending Canada's cross-border trade and investment, and facilitates increased trade, investment and technology exchange.

During this past fiscal year, Industry Canada has worked with the provinces and territories to enhance internal trade by developing a forward agenda to resolve outstanding as well as new and emerging issues related to the Agreement on Internal Trade (AIT). Among other initiatives, the Department advocated reform of the AIT's dispute settlement provisions, as well as a review of the decision-making process and sectoral chapters of the agreement. Industry Canada also led federal involvement in the review aimed at streamlining, clarifying and extending the scope of the AIT's procurement provisions. The Department worked to position the federal government to participate in a proposed agreement with the provinces and territories to cover the procurement of Crown corporations under the AIT, a measure that would add some \$20 billion of annual procurement to the \$45 billion already covered by the agreement. Among other benefits, this would provide domestic suppliers with access to public sector procurement markets nationwide, thereby helping them develop expertise and economies of scale important to success in international markets. By working with the provinces and territories to address outstanding issues and recommend future directions to strengthen and streamline the agreement, the federal government has demonstrated its commitment to an open and efficient domestic market.

Export capability and preparedness

One of the Government of Canada's top priorities related to trade is providing Canadian businesses and firms with the information and services they need to help export their products and services to markets around the world. Through the use of tools such as SourceCAN, Take a World View, Service Export.com, Trade Team Canada Sectors' (TTCSs) Web sites and information products focussed on priority industrial sectors, Industry Canada continued to assist Canadian businesses in exporting their products and services. As a member of Team Canada Inc (TCI), Industry Canada also provides information on available products and tools through TCI's Web site (exportsource.ca) and via TCI's toll-free Export Information Service.

Sustainable Cities Initiative — A Success Story

In 2003–04, Industry Canada expanded the Sustainable Cities Initiative (SCI). The SCI provides a framework for the identification of partnership projects between Canadian organizations and participating municipalities abroad on projects that range from full-scale sustainable waste management systems, to storm water/sewage master plans or expansions, and telecommunications, energy management and urban transportation initiatives.

The SCI continues to be recognized worldwide for its innovative partnership approach to sustainable economic development. As a result of the SCI, new cooperation and trade opportunities have been identified, improving access to market development and trade opportunities for Canadian organizations. In addition, strategic alliances have been formed, expanding international networks and enhancing Canadian capacity to effectively and successfully respond to international business opportunities.

By showcasing Canada's expertise in sustainable development, technologies and services, the SCI demonstrates the important role the private sector can play in reducing poverty, enhancing quality of life and promoting the principles of good governance.

(strategis.gc.ca)

International market development

The service sector is one of the fastest growing industry sectors in the new knowledge-based economy. Industry Canada has been working to build greater awareness of the increasingly important role that service sector industries play in Canada's economy.

In October 2003, the Department held a conference in Winnipeg on service industries to help engage the broader research community and increase understanding of the issue of trade in services. Canadian and international experts were commissioned to write papers on a wide range of issues related

to trade, investment, productivity, innovation, human capital and data needs in Canadian service industries. The findings from these papers will inform the OECD's study on the service economy, to be presented to ministers in spring 2005. Papers presented at the conference will be available in 2005 as part of Industry Canada's Research Volumes series (strategis.gc.ca). The conference succeeded in highlighting the dominant role of service industries in improving the innovation and productivity performance of Canada's economy. It also identified areas for future research to improve the understanding of several issues such as measurement, productivity growth, trade and services, and innovation in service industries. The conference has also been instrumental in getting Statistics Canada's commitment for improving the quality of data pertaining to service industries over the next five years.

Raising foreign buyers' awareness of Canada as a world-class economy, and of Canadian industry as a key global source of high quality, high technology products and services is key to improving Canada's share of global trade. To bring government and industry together to coordinate national trade development planning and activities in key industries, Industry Canada manages 10 priority TTCSs.

In 2003–04, the TTCSs conducted a number of trade missions and studies aimed at increasing opportunities for Canadian companies to meet with foreign buyers in priority markets, with the overall objective of increasing exports of goods and services. This included missions to the United States and Europe; and to new and emerging markets in South, Central and North America; China; India; South Korea; Japan; and Eastern Europe. Many of these focussed on branding Canada as a world-class source of modern technologies and services.

Cars on the Brain

The *Cars on the Brain* branding strategy was developed by the Aerospace and Automotive Branch of the Industry Sector in collaboration with the Automotive TTCSs. It was launched at the Tokyo Motor Show and at the Society of Automotive Engineers International.

The strategy fulfilled one of its primary goals by attracting the attention of auto assemblers and parts manufacturers from around the world and informing them about what Canadian companies can offer.

Providing Opportunities for Canadian Climate Change and Energy-Efficient Companies

In 2003–04, Industry Canada, in partnership with other government departments, organized the following:

- climate change seminars and networking events to promote Canadian companies' capabilities to foreign buyers in Mexico, Poland, India and China;
- a technology partnering mission to the United States to encourage Canada–United States partnerships in the hydrogen and fuel cell sector; and
- the promotion of Canada's Clean Energy Technologies Portal, highlighting Canadian climate change companies.

(cleanenergy.gc.ca)

A more coordinated and cohesive approach to international trade development

In 2003–04, Industry Canada worked to strengthen the linkages and collaboration between the three pillars of international business development: trade, investment, and science and technology. The Department continues to be an active member of Team Canada Inc, which includes playing a leadership role for the Brand Canada program and the Enhanced Representation Initiative. Industry Canada and its partners have also contributed to building new linkages for common planning and a cohesive approach to international business development and advocacy actions in the United States.

In 2003–04, FedNor embarked on a Northern Ontario trade strategy, designed to increase export-readiness and facilitate access to markets for SMEs. The Northern Ontario trade strategy, developed in consultation with International Trade Canada's International Trade Centre (Toronto) and other federal, provincial and private sector partners, supported the development of export skills and capacity building by SMEs. This enabled federal export and trade initiatives to be more effectively delivered in the North, and raised awareness of trade opportunities. As part of this strategy, an International Business Centre (I.C.) was established in Sault Ste. Marie to serve as a Government of Canada focal point for trade and tourism development in Northern Ontario. During this past fiscal year, the I.C. helped to implement awareness seminars and trade missions to Detroit and Chicago, serving to increase the North's ability to compete in a global marketplace. FedNor also strengthened local SME trade support by establishing agreements with five community-based trade organizations. Collectively known as the Team Northern Ontario trade network, these organizations provide pan-Northern access to trade information and services.

2.5 Government-Wide Themes and Management Issues

Management Accountability Framework

In June 2003, the Treasury Board of Canada, Secretariat (TBS) published the Management Accountability Framework, which reintroduces and strengthens the seven elements of modern comptrollership, and provides deputy heads and all public service managers with a list of management expectations reflecting the different elements of current management responsibilities.

Industry Canada had made a major commitment to implement modern comptrollership, based on a Modern Comptrollership Action Plan approved by senior management in April 2003. Over the past year, the Department has been focussing on the priorities of the action plan: values and ethics, performance measurement, risk management, and training and professional development.

The Department has made significant progress in modernizing management practices, which includes the following:

- Sectors and corporate organizations developed values and ethics statements.
- The Department made progress developing a Corporate Performance Measurement Framework based on the Industry Canada Priorities Chart (see page 8). It had also undertaken a notional allocation of resources across the five strategic outcomes and key results commitments as the next step in linking financial and non-financial performance information. The introduction of the Program Activity Architecture (PAA) has now supplanted this exercise and the Department is working with TBS to identify indicators and allocate resources across the program activities articulated in the PAA.
- Efforts are ongoing across the Department to develop an Integrated Risk Management Framework for the Department.
- The Department has improved awareness among employees on performance measurement and integrated risk management.

Industry Canada continues to make progress on the four priorities, and is examining ways to facilitate the implementation of improvements for the other elements of the Management Accountability Framework, building on existing management practices and governance structures.

Government On-Line

The Government of Canada's GOL initiative is committed to providing on-line, integrated, client-centred service to Canadians by 2005. In 2003, Industry Canada met its accelerated GOL target to place services on-line, two years ahead of the Government of Canada's target. Moreover, most of the key services have reported further improvements to their on-line activity. The Department is now focussing on increasing the take-up of on-line services and measuring client satisfaction for continuous service improvement. To continue to provide client-centred service, transform government service delivery, help business and facilitate businesses' interactions with the government, the Department also developed a Service to Business Agenda, which identifies a path forward for the government beyond 2005.

Industry Canada also continued to provide government-wide leadership in the development and operation of **BusinessGateway.ca**. Strategis, Industry Canada's program delivery Internet site, played an integral role in meeting the Department's GOL commitments. Strategis is also a major business and economic content contributor to the **BusinessGateway.ca** and its service and information clusters.

Canada consistently ranks as a leader in e-government based on the number of on-line services and the sophistication of service delivery. According to a 2004 study by Accenture, Canada ranked first out of the 22 countries evaluated in terms of e-government maturity for the fourth year in a row. Canada was the leader across all categories of e-government maturity, including service breadth, depth and customer relationship management. The Canada Site and its three portals (Canadians, Non-Canadians and Business), which were redesigned in 2003–04, have been a contributing factor to this success. (Additional information on GOL can be found in Section 2.4, page 26).

Citizen-Centred Service Delivery

Industry Canada fulfils its mandate by focussing on its clients. The Department works collaboratively with other departments and agencies, other governments, and the private sector to deliver citizen-centred services, using leading-edge information products and technology, while continuing to give clients their choice of access channels.

In 2003–04, Industry Canada continued to develop the Service to Business Agenda, a broad, long-term framework for the products and services that it delivers to Canadian businesses. The agenda addresses what businesses can expect from GOL by 2005 and beyond, as well as the strategic investments that will be required by the Government of Canada.

In order to move the Service to Business Agenda forward, two catalytic projects were undertaken in 2003–04: BizPal and the Business Storefront. BizPal will provide a customized list of permits and licences to businesses from all levels of government and eventually make those permits and licences available on-line. The Business Storefront project will develop a value-added entry point for basic and advanced services and transactions with governments across jurisdictions. As part of the establishment of the Business Storefront, steps were taken to align the on-line services delivered by the BusinessGateway.ca and the Canada Business Service Centres (CBSCs).

As part of the Service to Business Agenda, an enhanced version of the Business Start-Up Assistant (BSA), a CBSC-managed cluster on **BusinessGateway.ca** was released in 2003–04 (**bsa.cbsc.org**). The new version responds to evolving client needs by adding content for specific audiences (i.e. women, Aboriginal people), new topics, an improved search page and user interface improvements. Visits to the enhanced version of the BSA increased by 37 percent during this period.

In 2003–04, the CBSCs, **BusinessGateway.ca** and other partners developed a comprehensive user support suite administered by the CBSCs. On the “Contact Us” page on partner Web sites, all user support requests are routed to the CBSCs. User supports include toll-free telephone access, teletypewriter service, e-mail, in-person referrals and “Talk to Us!” — an enhanced feature that integrates Internet services with call centre technology.

United Nations Public Service Award for Canada Business Service Centres

In 2004, the network of Canadian Business Service Centres (CBSCs) was awarded the 2004 United Nations Public Service Award in the category of Improvements of Public Service Results for Information Service for the Business Community.

Criteria for the award are as follows:

- increases responsiveness to the needs of citizens;
- promotes equity; and
- delivers public services in a manner emphasizing timeliness, courtesy and access.

This award draws attention to best practices and recognizes the institutional contributions that are made to enhance the role, professionalism and visibility of the public service.

The CBSCs, through one-stop access points (on-line, telephone and in-person), connect businesses to the programs, services and compliance requirements of the federal government and other orders of government, and assist businesses in their planning and market research activities.

(cbsc.org)

To design and improve service delivery, Industry Canada is using the results of a survey by the Institute for Citizen-Centred Service, entitled the “Taking Care of Business Survey.” In addition to on-line client service, employees working in Industry Canada’s five regions continued to deliver the Department’s products and services across the country. Regional service delivery also helps to integrate an important regional dimension among the concerns of the Department’s diversified client base.

Developing an Exemplary Workplace

Industry Canada pursues an integrated recruitment, retention, employee development and representation strategy responsive to business objectives and the provision of services to Canadians.

General Human Resources Mandate

Industry Canada contributes to the fulfilment of departmental business objectives by ensuring an up-to-date understanding of work environment issues and work force analysis. In 2003–04, the Department developed statistical models to predict retirements and to estimate other departures. Trends in demographic profiles were identified, designated group representation was tracked, and a system was established to provide detailed, customized quarterly reports to the regions and sectors. This work will serve as a foundation for strengthening human resource planning, as the Department prepares to implement the *Human Resources Modernization Act*.

Recruitment

Industry Canada strives to maintain efficient and flexible approaches to recruitment consistent with delegated authorities. A monitoring exercise was conducted on appointment decisions where potential risk was higher and the results were reported in the Staffing Delegated Authority Accountability Report provided to the Public Service Commission. The *Human Resources Modernization Act* received Royal Assent in November 2003, and the policy framework for engagement on recruitment issues remains at the development/consultation stages with the Public Service Human Resources Management Agency of Canada. A collaborative cross-sectoral recruitment strategy for post-secondary recruitment was initiated, but budget and expenditure constraints under the Expenditure Review Committee exercise limited the Department’s ability to engage in post-secondary recruitment.

Retention

Industry Canada’s success in delivering the programs and services that support its strategic outcomes depends on the talents, skills and motivation of its employees. In 2003–04, Industry Canada’s Corporate Training Program offered 240 professional/skills development training sessions, the Micro-Economic Lecture Series sponsored 12 events, 724 one-on-one career counselling sessions were provided to employees and 56 new mentor–protégé matches were formalized. The Leadership Development Program continued for those employees classified as EX minus 1 and EX minus 2. The program includes leadership training, government framework training, a 360-degree feedback process, individual coaching and the career counselling and mentoring programs.

To support the organization’s overall management strategy, and the Industry Canada Management Committee’s review of the EX minus 1 group and the EX inventory for succession planning, the EX database was maintained and refined, and updated information was provided to the Deputy Minister’s Review Committee. New recommendations and changes were also proposed for employees who had been identified as requiring new assignments that were established during the 2002–03 Performance Review and Career Review exercise.

The Survey Advisory Committee, whose mandate is to address issues arising from the public service survey, heard from outside experts, identified priority areas for attention and developed an evergreen action plan. Funding was provided for a range of projects, including support for career counselling, career development initiatives and programs, accessibility for persons with disabilities, second-language learning and skill retention, and community development for managers. To support the modernization of human resource service delivery in the public service, Industry Canada was also selected as the pilot department for the Government of Canada Human Resources System Pay Interface project.

Employee Development

In January 2003, the Department implemented a development program that provided training, diverse work experiences and career advancement possibilities for existing ES employees in the Micro-Economic Policy and Analysis Branch. An assessment of the ongoing program will be conducted in 2004–05.

Representation

Industry Canada strives to build a workforce at the Department that is representative of the population it serves. Industry Canada's four diversity advisory committees (Aboriginal people, visible minorities, persons with disabilities and women) contributed to the Department's recruitment and retention strategy. To continue to build managers' awareness of best practices related to employment equity and diversity goals, a suite of diversity awareness tools was developed to help integrate practices of fairness and inclusiveness across the Department. Industry Canada continued to maintain high levels of representation of the designated groups, with above workforce availability for women, persons with disabilities, and Aboriginal persons, and a further increase in visible minority representation to 9.6 percent, compared with the latest work force availability figure of 10.6 percent in the 2001 Census. During 2003–04, the Department achieved its Perinbam target: one in five new appointments to the Executive Group were members of a visible minority group.

Industry Canada began a review of its capacity to deliver services in both official languages. The Department provided data for the first stage analysis of the ability to deliver services in either official language to the TBS (now Public Service Human Resources Management Agency of Canada).

Section 41 of the Official Languages Act

Under the government's Action Plan on Official Languages, the Department was successful in obtaining \$33 million over five years to support the economic development of official-language minority communities.

In cooperation with the regional development organizations, formal consultations were held with representatives of minority anglophone and francophone communities. The meetings enabled managers of the targeted programs and services to inform official-language minority communities about their programs and services and gain insight into the communities' needs. A network of regional advisors has been established to assist official-language minority communities in accessing departmental and regional development organization programs and services to support their economic development.

In response to a recommendation from the Office of the Commissioner of Official Languages, Industry Canada, in partnership with the Privy Council Office and other key departments, laid the groundwork for the creation of the Canadian Advisory Committee for French on the Internet.

A complete review and update of the intranet site ProAction41 was completed. This site was created to make Industry Canada staff aware of commitments regarding section 41, and provide information on the communities, reports and initiatives related to this issue. Industry Canada continued to work closely with official-language minority communities through several programs, such as Franccommunautés virtuelles, the Community Access Program, SchoolNet and Canada's Digital Collections. Finally, the Department invested \$246,100 and leveraged \$348,500 for nine projects partnered under the Interdepartmental Partnership with the Official-Language Minority Communities, managed by Canadian Heritage.

Sustainable Development

Selected Accomplishments Under the Sustainable Development Strategy 2000–03

<p>Corporate Strategic Objective 1: Eco-efficiency</p> <p>Enhance the capacity of Canadian industries and firms to develop and use eco-efficient practices, tools, technologies and products that contribute to increased productivity and environmental performance.</p>
<p>Accomplishments in 2003–04</p> <p>Delivered four regional workshops on eco-efficiency (e2) tools (strategis.gc.ca/e2) that attracted 200 attendees and resulted in improved knowledge and uptake of e2 practices by business.</p> <p>Supported the development of a Web-based Corporate Sustainability Reporting Toolkit (sustainabilityreporting.ca/) which attracts an average of 1,500 visitors per month. This is helping to stimulate an increase in both the quantity and the quality of corporate sustainability reporting in Canada.</p> <p>Completed two voluntary industry environmental agreements that contribute to improved environmental, innovation and economic performance: Canadian Chemical Producers Association Memorandum of Understanding and the Automotive Parts Manufacturers Association Environmental Performance Agreement.</p>
<p>Corporate Strategic Objective 2: Environmental Technologies</p> <p>Facilitate the development and diffusion of environmental and enabling technologies that produce long-term economic and environmental benefits.</p>
<p>Accomplishments in 2003–04</p> <p>Completed Technology Roadmaps on Bio-Based Feedstocks, Fuels and Industrial Products, and Fuel Cells that will improve understanding of technological opportunities across these industry sectors.</p> <p>Through Technology Partnerships Canada (tpc.ic.gc.ca), invested in several environmental and eco-efficient, enabling technologies that contribute to sustainable development. This included \$1.8 million in Fermag Inc., a Montréal-based company, which will develop technologies to recycle hazardous heavy metal waste. Fermag will develop, design and demonstrate a pre-commercial pilot scale process for the hydrometallurgical treatment of hazardous ashes produced by the steel industry.</p> <p>Completed an environment industry competitiveness analysis and a report on the commercialization of new environmental technologies in Canada. This will assist in identifying and marketing environmental technologies where Canada has a competitive advantage.</p>
<p>Corporate Strategic Objective 3: Decision Making</p> <p>Improve the integration of sustainable development objectives into decision making, including the development and delivery of departmental policies, plans and operations.</p>
<p>Accomplishments in 2003–04</p> <p>Identified in all business units within the Operations Sector at least one measure in each unit's business plan that will contribute to the greening of operations.</p> <p>Completed the development of the Department's third Sustainable Development Strategy, 2003–06 (strategis.gc.ca/sd). This will contribute to increased commercialization and adoption of eco-efficient tools and technologies; increased use of corporate responsibility and sustainability practices by industry and others; and sustainable development capacity building within the Department.</p>

Industry Canada's Sustainable Development Web site offers more detailed performance information on the 58 deliverables in the second Sustainable Development Strategy (strategis.gc.ca/sd).

Audits and Evaluations

The Audit and Evaluation Branch of Industry Canada provides independent, professional and quality audit and evaluation services, founded on sound values and ethics, to support informed decision making and enhanced performance and accountability across the Department. During the 2003–04 fiscal year, the following audit reviews and evaluation studies were completed on behalf of Industry Canada. These reports can be found at www.ic.gc.ca

Audits
Follow-up Audit of Selected Programs in the Information Highway Application Branch (January 2004)
Audit of Comptrollership Communication Research Centre (January 2004)
Audit of Technology Partnerships Canada (October 2003)
Audit of Aboriginal Business Canada/Third Party Delivery (September 2003)
Audits of Reconciliation Procedures, Roles and Responsibilities (September 2003)
Audits of Grants and Contributions, Advances, Loans and Receivables (September 2003)
Audit of Revenue Reports (September 2003)
Corporate Services — Ontario Region Audit (July 2003)
Audit of CANARIE and Precarn Grants and Contributions (July 2003)
Competition Bureau — Audit of Contracting Activities (May 2003)
Smart Communities Program Management and Financial Control Audit (June 2003)
Pay and Benefits Audit (March 2003)

Evaluations
Evaluation of the SchoolNet Program (January 2004)
Evaluation of the Community Access Program (January 2004)
Alternative Service Delivery Pilot Evaluation Study Report (October 2003)
Evaluation of Technology Partnerships Canada (October 2003)
Mid-term Evaluation Study of Industry Canada's Sustainable Development Strategy, 2000–2003 (July 2003)
Formative Program Evaluation of the NetCorps Canada International (April 2003)
Mid-term Evaluation of the Smart Communities Program (July 2003)
Evaluation of the Community Futures Program in Ontario (March 2003)
Evaluation of Industry Canada's Information Highway Applications Branch, Youth Employment Strategy, Science and Technology Programs (March 2003)
Formative Evaluation of the Network of Innovative Schools Program (March 2003)
Community Access Program Youth Initiative Summative Evaluation Study (March 2003)
Evaluation of Canada's Digital Collections Program (February 2003)

Section 3:

Financial Performance and Accountability

3.1 Matching Resources to Strategic Outcomes

The figures provided in the following table represent an approximate allocation of the resources devoted to each strategic outcome.

Departmental Resource Allocation by Strategic Outcome

Departmental Resource Allocation (millions of dollars)	Innovation	Connectedness	Marketplace	Investment	Trade	Corporate Management and Governance	Sector Total
Actuals 2003–04*							
Policy Sector**	21.5	0.6	9.0	2.6	1.1	2.7	37.6
Industry Sector**	44.4	8.7	0.3	29.5	11.1	5.7	99.8
Competition Bureau	0.0	0.0	37.2	0.0	0.0	0.0	37.2
SITT Sector	2.9	187.0	25.3	3.2	5.1	0.0	223.4
Operations Sector**	0.0	0.0	58.3	297.0	0.0	23.9	379.2
Investment Partnerships Canada**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Communications Research Centre Canada	14.2	25.6	0.0	0.0	0.0	0.0	39.8
Technology Partnerships Canada	329.1	0.0	0.0	0.0	0.0	0.0	329.1
Office of Consumer Affairs	0.0	0.0	4.8	0.0	0.0	0.0	4.8
Other***	1.0	21.6	0.0	0.0	0.0	85.2	107.8
Total	413.2	243.6	134.9	332.3	17.3	117.5	1,258.7

* Figures are based on actual total spending for 2003–04 (including Employee Benefits Plan, excluding the Canadian Intellectual Property Office Revolving Fund, and excluding statutory expenditures), and are net of Respendable Revenues. Where applicable, an adjustment has been made to reflect the annualized portion of resources that have been transferred to International Trade Canada (ITCan).

** Sector has been adjusted to reflect the annualized ITCan transfer. Investment Partnerships Canada, in totality, has been transferred to ITCan.

*** Includes organizations such as the Chief Information Office, Comptrollership and Administration Sector and Human Resources Branch.

3.2 Financial Summary Tables

The information in the following financial tables is presented in accordance with the Department's approved Planning, Reporting and Accountability Structure (PRAS), and corresponds to its three principal business lines: Micro-Economic Policy, Industry Sector Development, and Marketplace Rules and Services. The financial information presented below pertains only to those organizations remaining within the jurisdiction of the Department. International Trade Canada is responsible for reporting in its own Departmental Performance Report on the activities of those functions that were transferred from Industry Canada.

Table 1: Summary of Voted Appropriations
Financial Requirements by Authority

(millions of dollars)		2003–04				
Vote	Industry Canada Program	Total Main Estimates	Total Planned Spending*	Total Authorities**	Total Authorities transferred as a result of Dec. 12, 2003***	Revised Authorities
					(Total for entire fiscal year)	
1	Operating expenditures	436.9	461.1	500.1	(16.7)	483.4
5	Grants and contributions	847.2	1,074.4	1,028.5		1,028.5
(s)	Minister of Industry: Salary and motor car allowance	0.1	0.1	0.1		0.1
(s)	Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10.0	10.0	0.0		0.0
(s)	Canadian Intellectual Property Office Revolving Fund	(8.5)	(8.5)	63.1		63.1
(s)	Liabilities under the <i>Small Business Loans Act</i>	25.8	25.8	10.3		10.3
(s)	Liabilities under the <i>Canada Small Business Financing Act</i>	36.8	36.8	34.2		34.2
(s)	Contributions to employee benefit plans	59.0	59.0	61.7	(2.4)	59.3
(s)	Canadian Foundation for Innovation	0.0	0.0	500.0		500.0
(s)	Genome Canada grant	0.0	0.0	75.0		75.0
(s)	Liabilities for statutory loan guarantee payments under the <i>Department of Industry Act</i>	0.0	0.0	42.7		42.7
(s)	Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	0.4		0.4
(s)	Refunds of amounts credited to revenues in previous years	0.0	0.0	0.2		0.2
L10	Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	0.3	0.3	0.3		0.3
L15	Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	0.5	0.5	0.5		0.5
L97b	Advances to regional offices and employees posted abroad	0.0	0.0	2.0		2.0
Total Department		1,408.1	1,659.5	2,319.1	(19.1)	2,300.0
Total FTEs		6,156				
FTEs received/transferred					(190)	

* Total Planned Spending is based on the 2003–04 Reports on Plans and Priorities.

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities as per 2003–04 Public Accounts.

*** For the portion of Industry Canada that was transferred to International Trade Canada (ITCan), a Special Purpose allotment was established in the amount of \$6.9M as of December 12, 2003. The total authority for the fiscal year is estimated to be \$19.1M. The estimate is based on the 2003–04 actual expenditures to December 11, 2003, plus the budget requirements for the remainder of the fiscal year for the functions transferred to ITCan.

Please refer to page 5 of this Report for more details on the portion of Industry Canada that was transferred to ITCan.

Table 1.1: Expenditures by Authority

(millions of dollars)		2003-04		
Vote	Industry Canada Program	Total Actual Spending	Total Actual Spending for authorities and responsibilities transferred as a result of December 12, 2003* (Total for entire fiscal year)	Revised Total Spending
1	Operating expenditures	469.9	(15.9)	454.0
5	Grants and contributions	753.5		753.5
(s)	Minister of Industry: Salary and motor car allowance	0.0		0.0
(s)	Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	0.0		0.0
(s)	Canadian Intellectual Property Office Revolving Fund	(16.6)		(16.6)
(s)	Liabilities under the <i>Small Business Loans Act</i>	10.3		10.3
(s)	Liabilities under the <i>Canada Small Business Financing Act</i>	34.2		34.2
(s)	Contributions to employee benefit plans	61.7	(2.4)	59.3
(s)	Canadian Foundation for Innovation	500.0		500.0
(s)	Genome Canada grant	75.0		75.0
(s)	Liabilities for statutory loan guarantee payments under the <i>Department of Industry Act</i>	42.7		42.7
(s)	Spending of proceeds from the disposal of surplus Crown assets	0.2		0.2
(s)	Refunds of amounts credited to revenues in previous years	0.2		0.2
L10	Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	0.0		0.0
L15	Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	0.0		0.0
L97b	Advances to regional offices and employees posted abroad	0.0		0.0
Total Department		1,931.1	(18.3)	1,912.8

* Represents the annualized expenditures for the portion of Industry Canada that has been transferred to International Trade Canada and includes the \$6.2M Special Purpose Allotment that was established as of December 12, 2003.

Table 2: Comparison of Total Planned Spending to Actual Spending

(millions of dollars)											
Business Line	FTEs	Operating	Total Authorities and Actual Spending transferred as a result of Dec. 12, 2003*	Operating Revised	Capital	Grants and Contributions	Subtotal: Gross Expenditures	Non-Budgetary Loans, Investments and Advances	Total Gross Expenditures	Less: Responsible Revenues**	Total Net Expenditures
Micro-Economic Policy											
(Main Estimates)		32.6		32.6	—	8.4	41.0	—	41.0	—	41.0
(Total Planned Spending)	304	32.6		32.6	—	18.4	51.0	—	51.0	—	51.0
(Total Authorities)	293	37.9	(2.6)	35.3	—	518.5	553.8	—	553.8	—	553.8
(Actual Spending)	293	38.7	(2.5)	36.2	—	518.0	554.2	—	554.2	—	554.2
Marketplace Rules and Services											
(Main Estimates)		265.8		265.8	—	1.9	267.7	—	267.7	(141.9)	125.8
(Total Planned Spending)	2,769	265.8		265.8	—	1.9	267.7	—	267.7	(141.9)	125.8
(Total Authorities)	2,674	350.7		350.7	—	1.9	352.6	—	352.6	(148.1)	204.5
(Actual Spending)	2,674	266.5		266.5	—	1.9	268.4	—	268.4	(149.2)	119.2
Industry Sector Development											
(Main Estimates)		221.0		221.0	—	905.5 ***	1,130.5	0.8	1,131.3	(9.7)	1,121.6
(Total Planned Spending)	1,837	409.7		409.7	—	963.6 ***	1,373.2	0.8	1,374.0	(9.7)	1,364.3
(Total Authorities)	1,774	270.1	(16.5)	253.6	—	1,170.3 ***	1,423.9	2.8	1,426.7	(9.7)	1,417.0
(Actual Spending)	1,774	247.2	(15.8)	231.4	—	895.7 ***	1,127.1	0.0	1,127.1	(7.6)	1,119.5
Corporate and Management Services											
(Main Estimates)		119.7		119.7	—	—	119.7	—	119.7	—	119.7
(Total Planned Spending)	1,105	118.4		118.4	—	—	118.4	—	118.4	—	118.4
(Total Authorities)	1,067	124.7		124.7	—	—	124.7	—	124.7	—	124.7
(Actual Spending)	1,067	119.9		119.9	—	—	119.9	—	119.9	—	119.9
Total (Main Estimates)	0	639.1		639.1	0.0	919.8	1,558.9	0.8	1,559.7	(151.6)	1,408.1 ¹
Total (Planned Spending)	6,015	826.5		826.5	0.0	983.9	1,810.3	0.8	1,559.7	(151.6)	1,659.5 ²
Total (Authorities)	5,808	783.4	(19.1)	764.3	0.0	1,690.7	2,455.0	2.8	2,457.8	(157.8)	2,300.0 ³
Total (Actual Spending)	5,808	672.3	(18.3)	654.0	0.0	1,415.6	2,069.6	0.0	2,069.6	(156.8)	1,912.8⁴
Other Revenues and Expenditures											
Non-Responsible Revenues****											
(Total Authorities)	—	—	—	—	—	—	—	—	—	—	(273.2)
(Actual Spending)	—	—	—	—	—	—	—	—	—	—	(273.2)
(Actual Spending)	—	—	—	—	—	—	—	—	—	—	(254.5)
Cost of services provided by other departments											
(Total Authorities)	—	—	—	—	—	—	—	—	—	—	70.3
(Actual Spending)	—	—	—	—	—	—	—	—	—	—	70.3
(Actual Spending)	—	—	—	—	—	—	—	—	—	—	79.4
Net Cost of the Program											
(Total Authorities)	—	—	—	—	—	—	—	—	—	—	1,456.6
(Actual Spending)	—	—	—	—	—	—	—	—	—	—	2,097.1
(Actual Spending)	—	—	—	—	—	—	—	—	—	—	1,737.7

Note: Numbers in italics denote total authorities for 2003–04 (Main Estimates and Supplementary Estimates plus other authorities).

Bolded numbers denote actual expenditures/revenues in 2003–04.

Due to rounding, figures may not add to totals shown.

* The full amount of the transfer to ITCan relates to Operating Expenditures (Vote 1); includes Employee Benefits Plan (EBP) of \$2.4 million.

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

*** Includes Statutory Grants and Contributions.

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

¹ This figure matches the 2003–04 Main Estimates Part II; Operating including EBP and Minister's car allowance.

² This figure represents the Net Planned Spending amount in the 2003–04 Report on Plans and Priorities.

³ This figure represents the Revised Authorities figure as per Financial Table 1.

⁴ This figure represents Revised Total Spending figure as per Financial Table 1.1.

Table 3: Historical Comparison of Total Planned Spending to Actual Spending

(millions of dollars)

Business Line	Actual 2001-02*	Actual 2002-03*	Total Main Estimates 2003-04	Total Planned Spending 2003-04	Total Authorities 2003-04**	Total Authorities transferred as a result of Dec. 12, 2003 (Total for entire fiscal year) 2003-04***	Revised Total Authorities 2003-04	Total Actual Spending 2003-04	Total Actual Spending for authorities and responsibilities transferred as a result of Dec. 12, 2003 (Total for entire fiscal year) 2003-04***	Revised Total Spending 2003-04
Marketplace Rules and Services	133.3	148.2	125.9	125.8	204.5		204.5	119.2		119.2
Industry Sector Development	962.2	977.4	1,121.6	1,364.4	1,433.5	(16.5)	1,417.0	1,135.4	(15.8)	1,119.6
Corporate and Management Services	109.9	120.5	119.7	118.4	124.7		124.7	119.9		119.9
Total Planned to Actual Spending	1,409.5	1,298.7	1,408.1	1,659.5	2,319.1	(19.1)	2,300.0	1,931.1	(18.3)	1,912.8

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

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

*** This includes Vote 1 Operating Expenditures and Statutory Vote Employee Benefits Plan amounts.

Table 4: Revenues (Responsible and Non-Responsible)

(millions of dollars)

Responsible Revenues*	Actual 2001-02	Actual 2002-03	Planned Revenues 2003-04	Total Authorities 2003-04**	Actual 2003-04
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	121.7	131.4	141.8	148.0	149.2
Industry Sector Development	7.0	7.2	9.7	9.7	7.6
Corporate and Management Services	—	—	—	—	—
Total Responsible Revenues	128.7	138.6	151.5	157.7	156.8
Non-Responsible revenues***	Actual 2001-02	Actual 2002-03	Planned Revenues 2003-04	Total Authorities 2003-04**	Actual 2003-04
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	629.7	264.5	235.4	235.4	139.3
Industry Sector Development	166.0	139.4	37.8	37.8	115.2
Corporate and Management Services	—	—	—	—	—
Total Non-Responsible Revenues	795.7	403.9	273.2	273.2	254.5

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

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

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

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

Table 5: Statutory Payments

(millions of dollars)						
Business Line*	Actual 2001-02	Actual 2002-03	Main Estimates 2003-04	Planned Spending 2003-04	Total Authorities 2003-04**	Actual 2003-04
Micro-Economic Policy	3.8	4.5	3.9	3.9	4.1	4.1
Marketplace Rules and Services	25.7	14.6	12.2	12.2	75.0	(4.8)
Industry Sector Development	94.5	89.1	95.7	95.7	66.8	66.5
Corporate and Management Services	8.2	14.5	11.4	11.4	24.2	24.2
Total Statutory Payments	132.2	122.7	123.2	123.2	170.1	90.0

Note: All figures include contributions to employee benefit plans.

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

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

Table 6: Transfer Payments (Grants and Contributions)

(millions of dollars)						
Business Line	Actual 2001-02*	Actual 2002-03*	Main Estimates 2003-04	Planned Spending 2003-04	Total Authorities 2003-04**	Actual 2003-04
Grants						
Micro-Economic Policy	151.0	2.3	7.8	17.8	517.9	517.7
Marketplace Rules and Services	—	0.1	0.1	0.1	0.1	0.1
Industry Sector Development	123.5	—	—	—	88.5	88.5
Corporate and Management Services	—	—	—	—	—	—
Total Grants	274.5	2.4	7.9	17.9	606.5	606.3
Contributions						
Micro-Economic Policy	11.4	6.7	0.5	0.5	0.5	0.2
Marketplace Rules and Services	1.7	2.1	1.9	1.9	1.9	1.8
Industry Sector Development	585.3	726.5	909.5	1,126.8	1,081.8	807.3
Corporate and Management Services	—	—	—	—	—	—
Total Contributions	598.4	735.3	911.9	1,129.2	1,084.2	809.3
Total Transfer Payments	872.9	737.7	919.8	1,147.1	1,690.7	1,415.6

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

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

Table 7: Details on Transfer Payments Programs (\$5 million and over)

Business Line: Micro-Economic Policy					
International Telecommunication Union (ITU), Switzerland					
			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Grants	—	\$1,287,440	\$6,808,000	\$6,808,000	\$6,755,219
Contributions	\$5,488,602	\$6,028,386	—	—	—
Objective					
To achieve results across a broad range of issues affecting the international management of radio frequency spectrum and satellite orbits, the efficient and timely production of international standards, and the facilitation of connectivity and capacity building in developing countries to help bridge the digital divide.					
Results					
Through its membership in the ITU, Industry Canada:					
<ul style="list-style-type: none"> led the work at the ITU World Radiocommunication Conference in Geneva, Switzerland, achieving agreement on several items concerning the global technical, operational and regulatory guidelines for the use of frequency spectrum and satellite orbits in which Canada had a particular interest; led and coordinated numerous government–industry Canadian National Organization Committees with domestic stakeholders, addressing matters being dealt with globally by the ITU, ensuring Canada's interests are met globally, and branding Canada by raising awareness and promoting Canadian expertise, products and services; and focussed Canadian efforts, in close consultation with Foreign Affairs Canada and with other public and private sector representatives, on developing contributions and positions in preparation for the first phase of the World Summit on the Information Society, which was held in Geneva in December 2003; the results of the first phase were reflected in an Action Plan and a Declaration of Principles, which will be used as the basis of preparation for the second phase in Tunisia in November 2005. 					
Business Line: Industry Sector Development					
Aboriginal Business Canada (ABC) Programs					abc-eac.ic.gc.ca
Aboriginal Business Development Program			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	\$34,525,500	\$34,069,700	\$30,200,000	\$39,850,000	\$39,481,000
Objective					
To support the creation and expansion in Canada of viable businesses owned and controlled by Aboriginal peoples.					
Results					
In 2003–04, the program supported more than 1,000 business projects, with investments leveraging over \$100 million. Program support was provided for a range of activities, including business planning, capitalization, marketing and business support. In 2003–04, 71 percent of businesses assisted were businesses owned by first-time entrepreneurs; 29 percent of business projects were approved to help to grow existing business (most often this involves innovation, marketing or market expansion projects).					
ABC also provides support to a network of Aboriginal Financial Institutions (AFIs), which provide loans and business services to small and medium-sized Aboriginal firms. Loan capital is made available through a number of initiatives, including direct capital injections. In addition to direct capital injections, ABC's \$800,000 investment through the Interest Rate Buy-Down component of the Access to Capital program leveraged over \$15 million in credit lines used for developmental lending. In 2003–04, more than 1,300 loans were provided by Aboriginal Financial Institutions, with an average loan size of approximately \$40,000.					

Results (i.e. the survival rates of businesses supported) related to investments made in 2003–04 are not currently measurable. However, recent research shows that the overall survival rate of ABC clients supported in previous years was 69.8 percent, higher than the 65.2 percent expected based on survival and hazard rates in the general business population (Statistics Canada, Failure Rates for New Canadian Firms, 2000). ABC's emphasis on commercial viability when screening applicants, as well as additional business support provided by the program, enhanced the survival rates of the businesses supported. In addition, in a 2002 survey of Aboriginal entrepreneurs, 54 percent of new firms surveyed said that they would not be in business without ABC support, while 20.2 percent of existing firms said that they would not still be in business without ABC.

ABC continues to provide support to 15 external delivery organizations, which are Aboriginal financial and business development institutions, to assist in capacity development. Support for these organizations continues to result in their increased capacity and extends ABC's delivery reach into more remote areas of Canada, resulting in improved program availability.

Aboriginal Business Loan Insurance Program			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	\$261,000	\$462,000	—	\$361,800	\$361,800

Objective

To increase commercial enterprise activity by Aboriginal Canadians, as a major step toward enhancing their economic self-reliance, by providing financial and advisory assistance at various stages and for several aspects of enterprise development.

Results

Eight projects are currently being supported through \$15 million in insured loans, enabling these projects to secure necessary financing.

Broadband for Rural and Northern Development Pilot Program			broadband.gc.ca		
			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	—	\$1,041,151	\$3,900,000	\$5,390,000	\$5,009,740

Objective

- To contribute to the Government of Canada's goal of ensuring that all Canadian communities have access to affordable broadband services.
- To assist communities in developing and implementing business plans for broadband connectivity, thereby providing an incentive for private sector deployment.
- To increase the number of communities with broadband access.

Results

The Broadband for Rural and Northern Development Pilot Program brings broadband, or high capacity Internet, to unserved rural, remote and First Nations communities. By strengthening the competitive advantage of such communities through broadband infrastructure, the program facilitates a new and growing potential for non-urban communities to access e-government, e-learning, e-health and applications for e-commerce, including the possibility of marketing community services worldwide. Community-based organizations were funded to develop business plans in Phase 1 of the broader program. In Phase 2, community champions are funded for the implementation of broadband in their communities.

In Round 1, Phase 2, 33 proposals from 433 communities (including 64 First Nations communities) were selected to implement their business plans to deploy broadband networks in their respective communities.*

In Round 2, Phase 1, 89 applicants, representing approximately 1,149 communities (including 156 First Nations communities), were selected to develop business plans outlining how each community would use high-speed, or broadband, Internet service.†

* Number of First Nations and non-First Nations communities identified is based on data supplied by program applicants.

† Number of First Nations and non-First Nations communities identified is based on Statistics Canada data.

Canada-Ontario Infrastructure Program (COIP)			www.ic.gc.ca/coip-pico		
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	\$1,037,608	\$127,513,888	\$135,000,000	\$135,000,000	\$134,547,829
Objective					
To improve the quality of life by investing in municipal infrastructure, with the following goals:					
<ul style="list-style-type: none"> • enhancing the quality of our environment; • supporting long-term economic growth; • improving community infrastructure; and • building 21st century infrastructure through innovative partnerships, new approaches and best practices. 					
Federal and provincial contributions to urban and rural municipal infrastructure projects in Ontario are expected to stimulate more than \$2 billion in capital investments over the life of the program. Investment targets are 40 percent for municipal infrastructure projects such as water and waste-water systems and a minimum of 15 percent for projects in rural communities.					
Results					
In 2003-04, COIP announced a total of 70 projects that had been nominated by the province; they accounted for investments exceeding \$69 million.					
As of March 31, 2004, 35 percent of COIP's projects were considered to be green infrastructure projects (accounting for \$203 million of total investments), while the "rural" target had been exceeded and stood at 39 percent (for a total investment of \$226 million).					
Canada Small Business Financing (CSBF) Program — <i>Canada Small Business Financing Act (CSBFA) and Small Business Loans Act (SBLA)</i>			strategis.ic.gc.ca/epic/internet/incsbfp-pfpec.nsf/en/Home		
			2003-04		
Liabilities	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
CSBFA	\$43,466,000	\$68,891,000	\$70,680,000	—	\$73,493,000
SBLA	\$105,111,000	\$61,038,000	\$49,630,000	—	\$26,012,000
Capital Leasing	—	—	\$90,000	—	—
Objective					
To encourage participating lending institutions to increase the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises.					
Results					
<ul style="list-style-type: none"> • A total of 11,150 loans, representing \$1,010.6 million, were made to SMEs under the CSBF program in 2003-04. • A total of 114 capital leases, representing \$14.8 million, were made to SMEs under the Capital Leasing Pilot Project in 2003-04. • The following claims were paid in 2003-04: CSBFA — 1,579 claims totalling \$73.5 million; SBLA — 821 claims totalling \$26 million. 					
The program is evaluated on its ability to achieve two goals: cost recovery and incrementality. Cost recovery refers to the ability of the program to offset the costs of claims through program revenues. Industry Canada is addressing the issues surrounding cost recovery through the comprehensive review of the program currently under way and scheduled to be completed in 2004-05. Incrementality refers to the program's effectiveness in extending financing that would have been otherwise unavailable to SMEs, or available only under less attractive conditions. During each of the past five years, more than 50 percent of the loans made by financial institutions under the program were to start-up businesses.					

Canadian Apparel and Textile Industries Program (CATIP)			strategis.gc.ca/catip		
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	N/A	N/A	—	\$4,725,000	\$4,633,736
Objective					
To work in partnership with firms, associations and other partners to identify and introduce best practices; exploit leading-edge technologies; develop and implement global market strategies, including a branding strategy for the sectors and their products; facilitate access to capital; and evaluate and implement e-commerce initiatives.					
Results					
The firm component of the program assists individual companies through non-repayable contributions of up to 50 percent of project costs to a maximum of \$100,000. Canada Economic Development for Quebec Regions is delivering the firm component in Quebec, and Industry Canada is delivering this component in the rest of Canada. Through this component of the program, 232 projects were approved in the following categories: innovation, adoption of best practices and more efficient, higher quality production (106 projects); increased use of e-commerce technologies (89 projects); and improved access to new markets (37 projects).					
The national initiatives component of the program assists not-for-profit organizations with projects that benefit the industries as a whole through non-repayable contributions of up to 90 percent, to a maximum of \$3 million per project. Major national initiatives to date include five branding initiatives focussed on U.S. and European buyers and domestic bankers; six e-commerce initiatives, such as major new Web portals, e-tools for improved market awareness, buyer credit verification, and laying foundations for on-line business to business sales; as well as industry trade missions to key export markets. In addition to these major initiatives, nine other projects were approved under this program component, and activities such as trade missions, research and analysis, and productivity and e-commerce outreach activities were supported through operational funding.					
CANARIE — Phase 3: Advanced Applications Development Program			canarie.ca		
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	\$12,425,000	\$22,620,515	\$36,497,000	\$35,497,000	\$33,716,851
Objective					
To enhance the productivity and competitiveness of Canadian industry, especially innovative Canadian ICT companies, with an emphasis on priority sectors such as e-business, e-learning, e-health and intelligent systems, to catalyse the development and diffusion of technologies, advanced applications and services that underpin or use advanced Internet infrastructure, such as CA*net4, and that are based on open-systems standards.					
Results					
CANARIE Phase 3 Advanced Applications Development Program supported approximately 80 application development projects. In addition, the program promoted and facilitated collaboration among organizations and individuals as well as the development of communities of interest and involvement of SMEs.					

Community Access Program (CAP)			cap.ic.gc.ca		
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	\$28,964,697	\$31,625,959 ¹	\$25,920,000 ¹	\$39,129,857 ¹	\$38,862,873 ¹
Objective					
To provide Canadians with affordable access to the Internet, as a means of ensuring that Canadians benefit from the global, knowledge-based economy and the opportunity to use its technologies, and specifically to establish universal public access sites in urban and rural communities across Canada. The typical target groups served by CAP are those facing barriers to participation in employment, learning, community integration, and other social and economic opportunities — those most affected by the digital divide.					
Results					
CAP continued to establish new sites and to sustain existing sites in 2003-04, with a total of approximately 7,000 sites. Since 1996, more than 9,000 youths have been employed through this initiative. CAP sites provide a stable, accessible and supportive location for distance education, e-learning, e-teaching, searching for work, and skills development and training.					
Note:					
1. Does not include Youth Employment Strategy funding delivered by the Community Access Program. Please see the Youth Employment Strategy section of this table for details on this funding.					
Federal Economic Development Initiative for Northern Ontario (FedNor)			fednor.ic.gc.ca		
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	\$56,600,000	\$47,319,267	\$27,900,000	\$41,327,332	\$41,327,332
Objective					
To promote economic development in Northern Ontario, leading to a strengthening of the national economy and contributing to the successful development of business and job opportunities.					
Results					
<ul style="list-style-type: none"> Financial gaps for SMEs were addressed through the Credit Union Loan Loss Reserve agreement. By approving 20 new loans totalling \$2.7 million, the program exceeded expectations. Although this program was scheduled to sunset March 31, 2004, a positive review resulted in the program's extension by three years to March 31, 2007. Similarly, through the Business Development Bank Loan Loss Reserve agreement, FedNor exceeded targets by providing 18 new growth-oriented loans to Northern Ontario SMEs, totalling \$1.9 million. Recognizing the growing contribution of tourism to Northern Ontario's economy, FedNor provided direct assistance to 56 tourism projects, totalling \$4.5 million. Highlights of FedNor's tourism activities include a commitment of \$3 million over two years to market local events and attractions, with a goal of restoring Northern Ontario as a prime tourism destination, in response to Severe Acute Respiratory Syndrome (SARS) and other challenges experienced in 2003. A new private sector Youth Internship Program was launched. During 2003-04, more than \$3.7 million in program funding was invested to support 138 internships, 37 of which were with private sector businesses. Under this program, recent graduates gained valuable work experience. This contributed to 71 percent of the youth securing employment immediately following their internships, almost all of which remained located in the North. FedNor continued to demonstrate its commitment in building stronger Aboriginal communities by contributing more than \$11 million to support 86 projects. These included projects related to telecommunications networks, equipment for Aboriginal health, education and other community infrastructure. FedNor also participated in a number of horizontal initiatives and partnerships with other federal departments to ensure more effective and coordinated delivery of program services to rural and Northern Ontario communities. Some of the key partners include Industry Canada's Ontario Regional Office, Agriculture and Agri-Food Canada (Rural Secretariat and Co-op Secretariat), Human Resources and Skills Development Canada (HRSDC), Rural Team Ontario, the National Research Council Canada-Industrial Research Assistance Program, Natural Resources Canada, Health Canada, and Environment Canada. 					

Ontario Community Futures Program					ontcfdc.com
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	\$21,609,987	\$20,490,720	\$20,160,000	\$25,122,655	\$25,122,655
Objective					
To support community economic development by assisting Northern and rural Ontario communities to develop and diversify their economies, through the support of a network of CFDCs. Specific objectives include the following:					
<ul style="list-style-type: none"> the development and implementation of strategic community economic development plans with other partners in order to strengthen and diversify the local economy; the provision of a range of services to small business, including technical advice, counselling, information and referrals; and the provision of small business financing of up to \$125,000 on commercial terms through locally governed investment funds that offer loans, loan guarantees or equity investments for business start-up, expansion or stabilization, where available financing from other sources is insufficient. 					
Results					
<ul style="list-style-type: none"> In addition to facilitating community-based strategic economic planning, FedNor achieved its objective of universal rural coverage in Ontario by completing the development of four new CFDCs, bringing the total number of CFDCs in Ontario to 61. A total of 686 rural businesses were assisted, helping to create or maintain 1,300 jobs. From April 1, 2003, to December 31, 2003, FedNor made significant strides in providing greater access to financial support for SMEs in Northern and rural Ontario by partnering with CFDCs. Through the CFDC lending activities, more than \$35.5 million was invested in local businesses. These funds leveraged over \$72 million in additional investments from other sources, significantly increasing the leverage ratio of the CFDCs from 1:1.4 in 2002-03 to 1:2 in 2003-04. 					
The Medical and Related Sciences (MaRS) Discovery District					marsdd.com
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Grants	—	—	—	\$10,000,000	\$10,000,000
Objective					
To finance a portion of the MaRS project plan to help further implement Canada's Innovation Strategy by:					
<ul style="list-style-type: none"> increasing the rate of commercialization at research hospitals and universities; encouraging greater private sector investments in health research commercialization activities; and encouraging closer links between Canadian researchers and the business community. 					
Results					
The development of Parcel B of Phase 1 of the MaRS centre is proceeding as planned and is expected to be completed by the end of 2004.					

SchoolNet			schoolnet.ca		
			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	\$11,200,000 ¹	\$13,426,000 ¹	\$13,481,000 ¹	\$26,316,143 ¹	\$26,316,143 ¹
Objective					
To ensure that the tremendous potential of ICTs is harnessed for the benefit of all Canadian learners, enabling them to compete effectively in the global, knowledge-based economy, by stimulating the use of the Internet in a learning environment.					
Results					
The following results were achieved in 2003–04:					
<ul style="list-style-type: none"> • There was a 28-percent increase in the number of First Nations schools connected to the Internet and a 13-percent increase in First Nations schools having enhanced connectivity. • The ratio of students to computers decreased from 20:1 to an average of 13:1 in First Nations schools. • SchoolNet, in collaboration with Statistics Canada, designed and delivered a nationwide school survey of ICT in the K–12 educational system. The survey was sent to 15,549 school principals to yield a broad, forward-looking national view on the status of ICT integration in learning. A summary report will be released by Statistics Canada. • More than 9,000 SchoolNet GrassRoots classroom-based on-line learning projects were created by Canadian K–12 students. • A total of 36 schools from across Canada, including six First Nations schools, were selected to become members of SchoolNet's Network of Innovative Schools. • There was an increased contribution to the development and use of international technical specifications and standards for e-learning. 					
Note:					
1. Does not include Youth Employment Strategy funding delivered by the SchoolNet program. Please see the Youth Employment Strategy section of this table for details on this funding.					
Smart Communities			smartcommunities.ca		
			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	\$14,442,513	\$18,120,000	\$16,800,000	\$13,700,000	\$13,656,307
Objective					
<ul style="list-style-type: none"> • To assist communities in developing and implementing sustainable Smart Communities strategies. • To create opportunities for learning through the sharing among communities of Smart activities, experiences and lessons learned. • To provide new business opportunities, domestically and internationally, for Canadian companies developing and delivering ICT applications and services. 					
Results					
The Smart Communities Program created 12 Smart Communities demonstration projects across the country — one in each province, one in the North and one in an Aboriginal community. Each community was chosen for its world-class vision and strategy on how to achieve economic, social and cultural improvements and benefits through the use of ICTs. Each has become a centre of expertise in the integration of ICTs into communities, organizations and families. Smart Communities have acted as "learning laboratories" by demonstrating and testing the innovative use of ICTs in community life and enterprise.					

Softwood Industry and Community Economic Adjustment Initiative					
			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	—	\$100,000	—	\$100,087,000	\$24,415,385
Objective					
To create long-term, sustainable economic benefits in affected regions and communities. This initiative will mobilize the forest industry, community stakeholders, Aboriginal communities and local resources in regions and communities affected by the softwood lumber conflict. Industry Canada administers, coordinates and monitors the program nationally.					
Results					
As several administrative issues had to be worked out, causing a delay in the disbursement of funds, projects were initiated at a later start date.					
The initiative distributed a total of \$24.4 million in 2003–04.					
Activities have focussed on:					
<ul style="list-style-type: none"> • Community capacity building: Agencies identified 20 projects, which received funding in 2003–04. The projects were aimed at developing community strategies and action plans, leadership skills and business management skills. • Diversification, productivity improvement and new economic opportunities: A total of 201 projects received funding for activities such as the following: <ul style="list-style-type: none"> • diversification of the local economies into non-forest-dependent activities; • harvesting underutilized or alternative hardwood species; • SME value-added processing, products and marketing; • model forest projects and stand improvement; • SME technology transfer; • pre-commercial/demonstration wood processing and product development; • retail wood product operations; • commercialization (prototype and research commercialization initiatives); • new manufacturing operations in affected communities; • development of potential tourism attractions and expansion of existing ones; • marketing efforts to attract new investments in the community; and • Aboriginal and eco-tourism proposals. 					
Structured Financing Facility strategis.gc.ca					
			2003–04		
Grants and/or Contributions	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Contributions	\$232,248	\$1,033,950	\$49,000,000	\$28,600,000	\$3,270,451
Objective					
To stimulate employment in Canadian shipyards by providing financing support to purchasers of new Canadian-built vessels.					
Results					
<ul style="list-style-type: none"> • Six projects were completed in 2003–04. These projects generated \$28.8 million in shipyard sales and created 268 person-years of work at Canadian shipyards. • An additional six projects were contracted in 2003–04. These projects are forecasted to generate \$125 million in shipyard sales and create an additional 1,315 person-years of work. • Another three projects were approved in 2003–04, but these projects have not yet been contracted. 					

Technology Partnerships Canada (TPC)					tpc.ic.gc.ca
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions					
TPC R&D Program (includes TPC-IRAP)	\$319,656,677	\$327,770,211	\$339,592,000	\$322,956,617	\$311,784,466
TPC h2EA Program	—	—	—	\$1,700,000	—
Objective					
TPC R&D Program					
To increase economic growth and create jobs and wealth and to support sustainable development by:					
<ul style="list-style-type: none"> • maintaining and building the industrial technology and skill base essential to a knowledge-based economy; • encouraging the development of SMEs in all regions of Canada; • encouraging private sector investment; • managing the contributions so that all repayments are recycled into TPC, allowing for future growth; • managing the sharing ratios on TPC contributions, with a target average TPC sharing ratio of no more than 33 percent (with a typical project's sharing ratio between 25 percent and 30 percent); and • taking an investment approach through sharing in returns as well as in risks. 					
TPC h2EA Program					
Through demonstration projects in the field of hydrogen, the program objectives are the following:					
<ul style="list-style-type: none"> • to increase public, consumer and investor awareness and acceptance of the hydrogen capability; • integration of hydrogen and hydrogen-compatible technologies; • to develop hydrogen infrastructures; • to develop skills and supply chain in the hydrogen industry; • to develop codes and standards for the hydrogen industry; and • to increase performance, reliability, durability and economical viability of hydrogen and hydrogen-compatible technologies. 					
Results					
For results information, please see TPC's annual report (tpc.ic.gc.ca).					
Youth Employment Strategy (YES)					youth.gc.ca
			2003-04		
Grants and/or Contributions	Actual 2001-02	Actual 2002-03	Main Estimates	Total Authorities	Actual
Contributions	\$4,502,089 ¹	\$14,647,120 ²	\$17,660,000 ³	\$17,496,000 ⁴	\$17,139,111 ⁵
Objective					
To help young Canadians to develop the knowledge and skills they need for the future through career-related work experiences, thus enabling them to participate more fully in the rapidly changing labour market. Industry Canada is among a number of federal departments and agencies, led by HRSDC, working cooperatively with other levels of government, universities and colleges, the private sector and not-for-profit organizations pursuing this initiative. Under the renewed Youth Employment Strategy (YES), Industry Canada will continue to deliver YES programs that reflect current government priorities, including Canada's Innovation Strategy.					

Results

Since inception in 1996, the various YES-funded programs under the Information Highway Applications Branch (IHAB) and the Chief Information Office's Student Connections have assisted more than 22,500 young Canadians in acquiring practical experience and developing enhanced employability skills for the knowledge-based economy. The programs have also provided ICT skills and knowledge to individuals, communities, learning organizations and small businesses across the country. In 2003–04, more than 2,900 youth participated. The reach of the YES-funded programs was augmented through the leveraging of contributions from various sources. In 2003–04, Industry Canada leveraged funds and in-kind contributions from other sources, such as provincial and territorial governments and other federal government departments, which matched the total YES allocation.

Notes

1. Only NetCorps Canada International was implemented under grants and contributions. IHAB youth programs transitioned to grants and contributions in 2002–03 as part of YES renewal.
2. Actual IHAB grants and contributions. Student Connections transitioned to grants and contributions in 2003–04 as part of YES renewal.
3. Includes funding for IHAB YES programs and CIO's Student Connections program.
4. Authorized IHAB grants and contributions was \$14.596 million, and authorized Student Connections grants and contributions was \$2.9 million.
5. Actual IHAB grants and contributions was \$14.339 million, and actual Student Connections grants and contributions was \$2.8 million.

Table 8: Loans, Investments and Advances

(millions of dollars)						
Business Line	Actual 2001–02	Actual 2002–03	Main Estimates 2003–04	Total Planned Spending 2003–04	Total Authorities 2003–04*	Actual 2003–04
Industry Sector Development	—	—	0.8	0.8	2.8	—
Total	—	—	0.8	0.8	2.8	—

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

Table 9: Revolving Fund Financial Summaries

Canadian Intellectual Property Office (CIPO) Revolving Fund

(millions of dollars)	Actual 2001–02	Actual 2002–03	2003–04			Actual
			Main Estimates	Planned Spending	Total Authorities	
Revenues	77.3	86.9	100.9	100.9	100.9	95.7
Expenses	75.1	83.0	94.4	94.4	94.4	93.8
Profit or (Loss)	2.2	3.9	6.5	6.5	6.5	1.9
Items not requiring use of funds:						
Add: Amortization	12.5	12.6	17.1	17.1	17.1	15.0
Less: Amortization of deferred capital assistance	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)
Changes in working capital	0.8	1.0	0.0	0.0	0.0	(0.8)
Investing activities: Acquisition of depreciable assets	(9.8)	(8.6)	(8.7)	(8.7)	(8.7)	(2.5)
Other items	8.3	4.3	0.0	0.0	0.0	10.1
Cash surplus (requirement)	7.6	6.8	8.5	8.5	8.5	17.3
Authority: cumulative surplus (draw down)	50.7	57.5	58.1	62.6	58.1	74.8

Note: A "line of credit" of \$5 million was approved as the maximum amount that may be drawn down from the Consolidated Revenue Fund (CRF) at any point in time.

The cumulative authority surplus in the 2003–04 actual column is different from the figure published in the Public Accounts. This difference is due to an overstatement of \$9.6M of CIPO's authority in the Public Accounts.

Table 10: Contingent Liabilities

(millions of dollars)	Amount of Contingent Liability		
	March 31, 2002	March 31, 2003	Current as of March 31, 2004
List of Contingent Liabilities			
Loan insurance and guarantees:			
— Enterprise Development Program	5.0	0.2	0.2
— <i>Small Businesses Loans Act</i>	696.1	297.8	430.2
— <i>Canada Small Business Financing Act</i>	471.1	501.3	536.6
— Capital Leasing Pilot Project	—	1.1	3.3
— Air Carriers Loan Guarantees (DHC-7 and -8)	301.3	219.2	243.0
— Supplemental Guarantee Program (DHC-8)	0.6	0.5	0.5
— Aboriginal Economic Program	10.6	9.9	10.2
— Regional Jet Loan Guarantee	—	59.6	—
— <i>Regional Development Incentives Act</i>	64.7	—	—
— Algoma Steel Loan Guarantee	50.0	30.0	—
Subtotal	1,599.4	1,119.6	1,224.0
Claims and Pending and Threatened Litigation	253.1	341.6	351.7
Total	1,852.5	1,461.2	1,575.7

3.3 Conditional Grants/Foundation

Pierre Elliott Trudeau Foundation \$125,000,000	trudeaufoundation.ca
Objective	
To support promising Canadian and international students wishing to study in Canada and pursuing doctoral and post-doctoral studies in research in the areas of public policy, governance, social issues, social justice and the environment.	
Results	
During 2003–04, the foundation awarded scholarships to 12 exceptional doctoral candidates who are pursuing research of compelling present-day concern, touching upon one or more of the themes of the foundation. The foundation also awarded mentorships to seven outstanding professionals who are pursuing policy analysis and implementation in their daily work.	
The foundation released its first annual report in December 2003.	
Genome Canada \$75,000,000	genomecanada.ca
Objective	
To enable Canada to become a world leader in genomics and proteomics research by bringing together consortia to deliver genomics research, technology platforms and major genomics projects. This is achieved through the following:	
<ul style="list-style-type: none"> • conducting major large-scale research projects in key selected areas such as agriculture, environment, fisheries, forestry, health and new technology development; • recruiting and developing the next generation of genomics scientists in Canada; • addressing public concerns and increasing public awareness about genomics research; and • supporting research projects aimed at studying and analysing the ethical, environmental, economic, legal and social issues related to genomics research. 	
Budget 2003 provided an additional grant of \$75 million to support large-scale projects in the areas of applied genomics and proteomics research in human health.	

Results

In fiscal year 2003–04, Genome Canada has achieved the following results:

- The five regional Genome Centres continued to develop funding commitments with provincial governments, the private sector and other partners to further major research projects in the sectors of health, agriculture, environment, forestry and fisheries.
- The research continued in the 56 large-scale projects awarded in Competition I and Competition II.
- The Gee! In Genome exhibit was launched in April 2003 in Ottawa and will tour 10 cities across Canada.
- The first publicly available draft sequence for a coronavirus associated with SARS was completed by Canada's Michael Smith Genome Sciences Centre, with support from Genome Canada, Genome British Columbia and other partners.
- Genome Canada held Canada's first National Genomics and Proteomics Symposium in September 2003, with the objective of increasing research collaboration and informing Canadians of the cutting-edge research funded by Genome Canada.
- A joint Genome Canada–Genome España competition was announced in January 2004. This research will promote scientific and industrial cooperation between Canada and Spain.
- The second annual symposium on ethical, environmental, economic, legal and social issues related to genomics was held.

Canadian Youth Business Foundation (CYBF)**cybf.ca****Objective**

To provide fundamental business skills and mentoring programs across Canada. The CYBF Youth Business program provides loans, mentorship support and an interactive Web site to entrepreneurs between 18 and 34 years of age. The Government of Canada's \$7.5-million grant provided in March 2002 will be used to achieve the objectives over four years.

Results (April 1, 2003, to March 31, 2004)

- Number of new loans to new businesses and total value:

Atlantic:	23 loans	\$297,800
Quebec:	22 loans	\$264,200
Ontario:	24 loans	\$283,447
West:	20 loans	\$246,390
Total:	89 loans	\$1,091,837
- Number of young entrepreneurs assisted by CYBF mentors: 222
- Number of young entrepreneurs assisted by CYBF's on-line services:
 - 79,992 (Web hits on **youthbusiness.com**)
 - 20,897 (Web hits on **cybf.ca** and **fcje.ca**)

Canadian Centre for Creative Technology (Shad International)**shad.ca****Objective**

To develop innovative leaders in science, technology and entrepreneurship. The Shad Valley program is a summer education and work term experience for senior high-school students. The Government of Canada's \$6-million grant in March 2002 will be used to achieve the objectives over four years.

Results

<i>Performance Indicators</i>	<i>2003 Actual</i>
• Increased participants to 644 by 2006	522
• Increased partnerships to 240 by 2006	199
• Expansion to 12 campuses by 2006	10
• Increased bursaries/scholarships	\$200,000
• Creation and distribution of promotional materials in French and English	Done
• Francophone or bilingual campus by 2006	In process
• Administrative expenses below 25 percent of revenue	\$330,000 (7.7 percent)
• Revenues exceeded Industry Canada's contribution of \$1,500,000 (2003–04)	\$2,343,701
• Student applications	801

Canada Foundation for Innovation (CFI) \$3,650,000,000	innovation.ca
Objective	
To strengthen the capability of Canadian universities, colleges, research hospitals and other not-for-profit institutions to carry out world-class research and technology development. The CFI is an independent corporation established by the Government of Canada in 1997.	
Results	
During the period from April 2003 to March 2004, the CFI made more than 912 awards, with funding commitments totalling over \$579 million. These peer-reviewed awards were granted to universities, colleges and research hospitals across Canada, to help them improve their research infrastructure.	
Ontario Tourism Corridor Initiative \$13,500,000	
Objective	
To help the tourism industry in the Ontario Corridor (including Toronto, Niagara, Stratford and the Muskokas) to recover from the negative impacts of SARS. The specific objectives are the following:	
<ul style="list-style-type: none"> • to shift consumer and media perceptions of Toronto, promoting it as a vital, entertaining, safe and affordable tourist destination; and • to provide strong incentives for leisure travellers to come to the Ontario Corridor, and build awareness to help stimulate tourism in 2004 and beyond. 	
Results	
The initiative supported the staging and promotion of the Toronto Rolling Stones Concert in summer 2003. The advertising in the United States enabled the concert to attract 42,000 American ticket buyers, who were major contributors to the \$75.2 million in additional tourism spending on hotels, restaurants and travel reported for the week of the concert versus the previous week. In addition, 85,000 American tourists visited the Ontario Corridor on tourism promotion packages that were supported by this initiative in the summer/fall period of 2003.	
The Canadian Institute for Advanced Research (CIAR) \$25,000,000	ciar.ca
Objective	
To encourage research excellence in Canada by supporting the work of the CIAR and fostering its development.	
Results	
CIAR has continued to create pan-Canadian, international research collaborations among scholars that generate new knowledge, stimulate long-term innovation and transform fields of study. The population health and human development research programs, which have had a profound effect on health studies and policy making around the world, were successfully concluded in 2003. The cosmology and gravity programs made great progress in the study of dark energy and dark matter in the universe, and nanoelectronics program members emerged as global leaders in the leading-edge field of spin electronics. Teams of eminent researchers were assembled to address new challenges and launch three new research programs: successful societies, quantum information processing, and experience-based brain and biological development.	

3.4 Alternative Service Delivery

Mutual Recognition Agreement in relation to the conformity assessment of telecommunications and radio apparatus (Phase II — Recognition of private certification bodies for the certification of radio apparatus)	
Start-up Date: April 2003	www.scc.ca/forum98/tapac/dispatch.cgi/mra
Option Chosen	
Allow recognized private (domestic and foreign) certification bodies to certify to Industry Canada's requirements for radio apparatus as an alternative to certification by the Industry Canada Certification and Engineering Bureau.	

3.5 External Charges / User Fees

Canada Small Business Financing Program Directorate						
Fee-Setting Authority: <i>Canada Small Business Financing Act (CSBFA), Small Business Loans Act (SBLA)</i>						
Fee Activity	2003-04 (\$000)*			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
CSBFA				Fees were established for the <i>Canada Small Business Financing Act</i> in April 1999, and for the Capital Leasing Pilot Project in April 2002, following extensive consultations with key stakeholders, including financial institutions.	Service standards have been established for key services, including time to register loans/leases and to pay claims.	Performance results are identified and reported in the CSBFA Annual Report. An evaluation of the program is currently being undertaken.
Registration Fees	17,800	20,002.4				
Loans Component						
Capital Leasing	3,460	290.6				
Fee type: Regulatory						
Administration Fees						
Loans Component	28,620	32,512.9				
Capital Leasing	2,120	214.7				
Fee type: Regulatory						
SBLA						
Administration Fees	15,840	7,260.1				
Fee type: Regulatory						
Total:	67,840	60,280.7	Total: 4,192			
Planning Years						
Forecast Revenue (\$000)*			Estimated Full Cost (\$000)*			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
56,350	56,765	57,250	4,176	4,176	4,176	

* Revenues and costs relate to the overall CSBFA and SBLA Programs.

Canadian Intellectual Property Office (CIPO)						
Fee-Setting Authority: <i>Copyright Regulations, Industrial Design Regulations, Patent Rules, Trademark Regulations</i>						
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
CIPO grants or registers ownership for five types of intellectual property: patents, trade-marks, copyrights, industrial designs and integrated circuit topographies.	Patents: 70,017	Patents: 70,750		January 1, 2004	Eighty percent of applications with a request for examination processed in less than 24 months	Eighty-one percent of applications with a request for examination processed in less than 24 months
Trade-marks:	22,048	Trade-marks: 22,542			Processed within 13 months of filing date	Processed within 6.5 months of filing date
Copyrights:	668	Copyrights: 714			Processed within 20 working days from receipt of application	Processed within 1.5 working days from receipt of application
Industrial designs:	1,153	Industrial designs: 1,016			Processed within nine months of receipt of application	Processed within 11.8 months of receipt of application
Information:	650	Information: 725				
Total:	94,536	Total: 95,747	Total: 93,861			
Fee type: Regulatory						
Planning Years						
Forecast Revenue (\$000)			Estimated Full Cost (\$000)			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
114,569	126,772	137,514	111,330	126,692	136,676	

Communications Research Centre Canada (CRC)							
Fee-Setting Authority: <i>Department of Industry Act</i>							
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result	
	Forecast Revenue	Actual Revenue	Full Cost				
Innovation Centre tenants	2,500,000 for innovation tenant and research services	134	162	N/A	N/A	Provided on-demand technical assistance to clients in the development of their communications technology products	
Fee type: Other products and services		1,114	1,482		Met clients' requirements and specifications as per individual agreements	Met clients' requirements and specifications as per individual agreements	
Research services (Contracting-in)	1,500,000 royalties and licence	511	397		N/A	N/A	N/A
Fee type: Other products and services		619	493		N/A	N/A	
Royalties: right to use CRC intellectual property		Total: 2,378	Total: 2,534		N/A	N/A	
Fee type: Regulatory							
Licence: right to use CRC intellectual property							
Fee type: Regulatory							
Planning Years							
Forecast Revenue (\$000)			Estimated Full Cost (\$000)				
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07		
Innovation Centre Tenants and Research Services							
2,500	2,500	2,500	3,401	3,401	3,401		
Royalties and Licences							
1,500	1,500	1,500	889	889	889		
Total 4,000	Total 4,000	Total 4,000	Total 4,290	Total 4,290	Total 4,290		

Competition Bureau						
Fee-Setting Authority: Textile Labelling Act						
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
Merger notification: merger review Fee type: Regulatory	1,000	1,085	1,681	In December 2003, minor changes were made to the Fee and Service Standards Handbook. They resulted from stakeholder feedback and Bureau experience during the first six months of the revised policy. Handbook applies to merger notification filings and ARC requests related to merger review, written opinion requests and photocopies.	Non-complex cases: 2 weeks	Non-complex cases: 99.4 percent completed within the service standard
Advance ruling certificate (ARC) requests Fee type: Other products and services	5,700	6,647	10,085		Complex cases: 10 weeks Very complex cases: 5 months	Complex cases: 94.4 percent completed within the service standard Very complex cases: 100 percent completed within the service standard
Combined pre-merger notification and ARC: review Fee type: Regulatory	1,700	1,158	1,757			
Written opinions: the ability for the Commissioner to provide non-binding advice Fee type: Other products and services	100	78	431		Opinions related to conspiracy, "bid-rigging," abuse of dominant position, among others Non-complex cases: 6 weeks Complex cases: 10 weeks	Fair Business Practices Branch Non-complex cases: 59 percent completed within the service standard Complex cases: 100 percent completed within the service standard
Photocopies Fee type: Other products and services	0	0.15	265		Opinions related to false or misleading representations Non-complex cases: 2 weeks Complex cases: 6 weeks	Criminal Matters Branch Non-complex cases: 100 percent completed within the service standard Complex cases: 100 percent completed within the service standard
					Opinions related to interpretation of Part IX of the Act Non-complex cases: 2 weeks Complex cases: 4 weeks Opinions related to all other sections of the Act Non-complex cases: 4 weeks Complex cases: 8 weeks Refer to handbook for details: www.cb-bc.gc.ca under Business Services, Fees and Service Standards.	
CA number: provide a CA number for fabric tags Fee type: Other products and services	145	156	341	No recent consultations		
		Total: 9,124	Total: 14,560			
Planning Years						
Forecast Revenue (\$000)			Estimated Full Cost (\$000)			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
12,300	11,700	11,700	23,804	22,591	22,591	

Corporations Canada						
Fee-Setting Authority: <i>Canada Business Corporations Act (CBCA), Canada Corporations Act, Canada Cooperatives Act</i>						
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
Corporations Canada has seven key product offerings: file articles of incorporation, letters patent, file articles of continuance, file statement of revocation of intent to dissolve, file annual return and name searches. Fee type: Regulatory	9,500	10,609	10,711	No activity in 2003-04. Most recent consultations were undertaken in 2000-01, when Corporations Canada introduced a reduction in the incorporation fee and annual return fee.	Service standards have been established for key services (e.g. CBCA applications processed via the Internet, over-the-counter or by mail; amendments; restated articles and so on). Service standards are available on Corporations Canada's Web site (www.corporationscanada.ic.gc.ca).	Highlights of key performance results: Seventy-one percent of CBCA incorporations were completed on-line. Since the inception of the Dissolution Program, the annual return filing rate increased from 50 percent to 84 percent.
Planning Years						
Forecast Revenue (\$000)			Estimated Full Cost (\$000)			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
9,200	9,200	9,200	11,281	11,582	11,582	

Measurement Canada						
Fee-Setting Authority: <i>Weights and Measures Act, Electricity and Gas Inspection Act</i>						
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
Device approval and measurement standard certification Fee type: Regulatory	15	5	5	Fees charged under the authority of the <i>Weights and Measures Act</i> were last amended in 1993. These fees were established following extensive stakeholder consultation and publication in the <i>Canada Gazette</i> . Fees charged under the authority of the <i>Electricity and Gas Inspection Act</i> were last amended in 1995. These fees were established following extensive stakeholder consultation and publication in the <i>Canada Gazette</i> .	Service standards and associated performance targets have been established for the majority of the services for which a fee is levied. Measurement Canada's service standards may be found at strategis.gc.ca	Performance in relation to the achievement of service delivery targets is reported annually. Service improvement targets are set in the Agency's annual business plan.
Device inspection Fee type: Regulatory	1,265	1,084	2,714			
Accreditation (initial and renewal) Fee type: Regulatory	35	29	52			
Meter approval and measuring apparatus certification Fee type: Regulatory	230	124	165			
Meter inspection Fee type: Regulatory	510	522	1,459			
Accreditation (initial and renewal) Fee type: Regulatory	45	22	32			
	Total: 2,100	Total: 1,786	Total: 4,427			
Planning Years						
Forecast Revenue (\$000)			Estimated Full Cost (\$000)			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
1,900	1,900	1,800	4,675	4,675	4,427	

Office of the Superintendent of Bankruptcy Canada						
Fee-Setting Authority: <i>Bankruptcy and Insolvency Act and Rules</i>						
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
Registration fee; superintendent levy; information fee; unclaimed dividend fee; trustee licence fees (initial, renewal and corporate) Fee type: Regulatory	32,557	33,300	43,167	2001	Service standards and associated performance targets have been established for key services.	Performance in relation to service standards is reported annually. Service improvement goals are set in the Office's business plan.
Planning Years						
Forecast Revenue (\$000)			Estimated Full Cost (\$000)			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
34,075	35,898	38,196	46,121	47,601	47,601	

Spectrum Management						
Fee-Setting Authority: <i>Radiocommunication Act, Department of Industry Act, Financial Administration Act</i>						
Fee Activity	2003-04 (\$000)			Date Last Modified	Performance Standard	Performance Result
	Forecast Revenue	Actual Revenue	Full Cost			
New licence applications: initial issuance of radio authorization (including licence renewals and reactivation fees) Fee type: Regulatory	205,000	208,294		Radio licence fees — date last modified: 2000 Spectrum licence fees — date last modified: 2001	New licences issued within 7 weeks if no international coordination is required; and within 13 weeks if international coordination is required. strategis.gc.ca	Licence issued
Spectrum auctions Fee Type: Regulatory	161,000	160,292*		Not applicable (fees are market-driven)	Not applicable	Licence issued
Radio and terminal equipment approval Fee Type: Regulatory	3,700 Total: 369,700	2,839 Total: 371,425	Total: 93,290	Telecommunication apparatus assessment and testing fees — date last modified: January 1998	3-5 weeks: The Bureau is no longer the sole certification provider. Certifications are increasingly shifting to the new private domestic and foreign certification bodies.	5 weeks (typical): Diversion of additional resources is not justified because of the existence of certification alternatives.
Planning Years						
Forecast Revenue (\$000)			Estimated Full Cost (\$000)			
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	
New licence applications: initial issuance of radio authorization			81,117	81,117	81,117	
205,000	205,000	205,000				
Spectrum auctions**						
165,400	165,400	165,400				
Radio and terminal equipment approval			5,343	5,343	5,343	
1,000	1,500	1,500				

*Actual auction revenues do not include penalties incurred in the amount of \$735,510 for the 1999-2000 auction.

**Actual deferred revenues do not include revenues from the February 2004 2.3/3.5 GHz auction. Deferred revenues will be available once the ownership and control review is done and all licences have been issued. Future auction revenues are also not reflected, as they are market-driven and, therefore, cannot be forecasted.

3.6 Procurement and Contracting

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

At Industry Canada, the contracting authority is decentralized. As a result, branches (operational managers or other users of purchasing services) are responsible for a wide range of purchasing activities. The following organizations are responsible for ensuring these activities are done effectively.

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

In addition to the board, CMM is responsible for providing advisory services, monitoring and controlling the purchasing process to ensure its integrity with TBS and departmental policies.

In 2003, the Department awarded 13,965 contracts, valued at approximately \$95 million. This figure excludes the volume of purchases done through the acquisition cards (\$6.8 million) as well as the business volume through call-up, using Public Works and Government Services Canada standing offers or the Department's standing offers.

Following the assessment of the contracting framework commissioned by the former Comptroller's Branch in 2000, the Audit and Evaluation Branch is committed to conducting a contracting audit in two of Industry Canada's branches every year. Contracting practices are also being reviewed in the context of regular scheduled audits such as program audits and regional audits.

As a result of the assessment on Industry Canada's contracting framework, the Department has developed a management action plan to reinforce management accountability and procurement/contracting practices through control measures, training, monitoring, reporting and further review, and audit scrutiny. The first step was taken in March 2001 with the establishment of a contract review board. This function is assumed by the Program and Services Board. The secretariat of this Board is held by the CMM manager of the Comptrollership and Administration Sector.

Other initiatives include the following:

- The creation of a Service Contracts Compliance Checklist, a tool that provides useful information to prepare a service contract, a call-up or an amendment. This tool ensures that government contracting activities are in compliance with TBS and Industry Canada contracting policies and procedures.
- The review of methods of supply and tools such as standing offer agreements and supply arrangements in order to offer program managers the best procurement strategy to effectively fulfil their needs. For example, in 2003, CMM put in place supply arrangements for the recurring needs of the Office of the Superintendent of Bankruptcy Canada.

3.7 Horizontal Initiatives

Industry Canada is involved in a number of horizontal initiatives, in which it works in partnership with other federal departments, other levels of government and non-governmental organizations. Industry Canada's involvement in these initiatives contributes to the Department's achievement of its strategic outcomes. The ways in which these initiatives contribute are discussed in Section 2.5.

In addition to the information provided in this report, more detailed information on the following significant horizontal initiatives, in which Industry Canada is either the lead or the co-lead, can be found on the TBS Horizontal Results Web site (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hr-rh_e.asp):

- Canadian Biotechnology Strategy
- SchoolNet

As a result of the changes to government announced on December 12, 2003, Industry Canada is no longer the lead department for Team Canada Inc and Investment Partnerships Canada. Information on these two horizontal initiatives will be provided by International Trade Canada.

3.8 Summaries of Parliamentary Committee Reports and the Office of the Auditor General's Recommendations

Senate Committee on Banking, Trade and Commerce (37th Parliament, 2nd Session)

Navigating Through the Perfect Storm: Safeguards to Restore Investor Confidence, November 2003.

The committee's report calls for several improvements to the regulatory framework in order to improve investor confidence.

www.parl.gc.ca/37/2/parlbus/commbus/senate/com-e/bank-e/rep-e/rep12jun03-e.pdf

Industry Canada's Response to the Committee's Report

The recommendations made in the committee's report are being examined by the Department, and proposals are being prepared for amendments to the *Canada Business Corporations Act*, as announced in Budget 2004.

Senate Committee on Banking, Trade and Commerce (37th Parliament, 2nd Session)

Debtors and Creditors Sharing the Burden: A Review of the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act, November 2003

The committee's report contained 53 recommendations for reforming the *Bankruptcy and Insolvency Act* and *Companies' Creditors Arrangement Act*.

www.parl.gc.ca/37/2/parlbus/commbus/senate/com-e/bank-e/rep-e/bankruptcy-e.pdf

Industry Canada's Response to the Committee's Report

The Department has begun a thorough examination of the recommendations contained in the committee's report.

(Additional information can be found on page 29.)

Standing Committee on Canadian Heritage (37th Parliament, 2nd Session)

Interim Report on Copyright Reform, May 2004.

The Committee's report sets out policy recommendations for government consideration with respect to a number of short-term copyright issues. It also recommends that the government act quickly on the issues raised in the report.

www.parl.gc.ca/infocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01-e.htm

Industry Canada's Response to the Committee's Report

Taking into account the Committee's report, Industry Canada, in cooperation with Canadian Heritage, continues its work on the priority copyright issues with a view to modernizing the *Copyright Act* to address new technologies such as the Internet.

strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01134e.html

(Additional information can be found on page 28.)

Standing Committee on Industry, Science and Technology

Opening Canadian Communications to the World, April 2003.

The committee's report provides recommendations on foreign investment restrictions on telecommunications carriers.

www.parl.gc.ca/InfoComDoc/37/2/INST/Studies/Reports/instrp03-e.htm

Industry Canada's Response to the Committee's Report

The Minister of Industry tabled in the House of Commons on September 25, 2003, the Government of Canada's response to the committee's report. The response contains the Government of Canada's intentions with regard to foreign investment restrictions.

www.parl.gc.ca

(Additional information can be found on page 35.)

Office of the Auditor General's November 2003 Report — Chapter 2: Accountability and Ethics in Government

Industry Canada relies on its Program Services Board to ensure prudence and probity in issuing grants and contributions. The board makes recommendations to the Deputy Minister and the Minister for approval of grants and contributions. Industry Canada's values and ethics initiative is in a formative stage; its Comptroller's Branch (now the Comptrollership and Administration Sector), which coordinates such initiatives, plans to develop a departmental statement of values and ethics by 2004–05. The quality assurance systems established by Industry Canada have enhanced accountability by requiring officials to certify that government policies have been followed at key stages of decision making.

www.oag-bvg.gc.ca/domino/reports.nsf/html/20031102ce.html

Industry Canada's Response to the Office of the Auditor General's Report

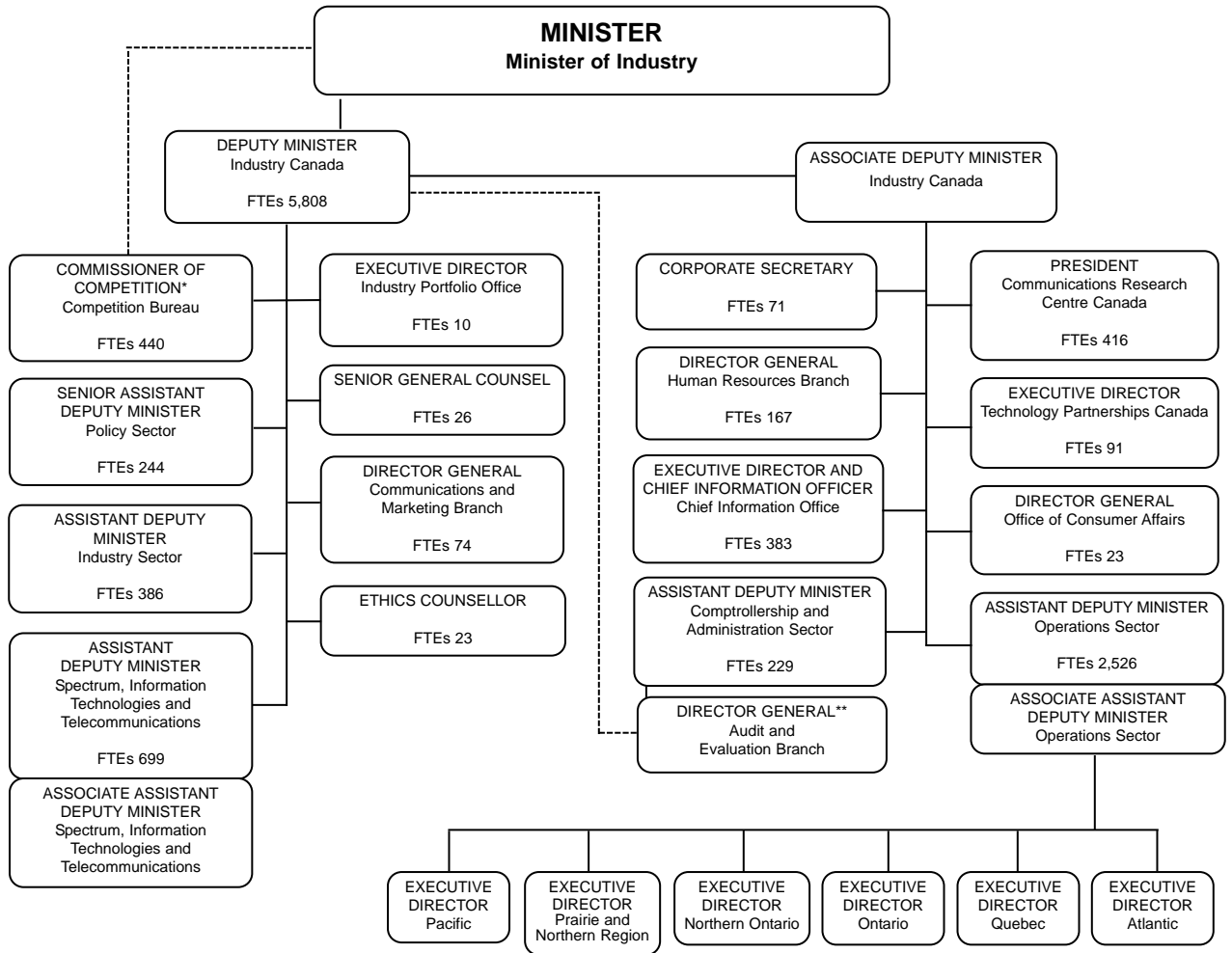
No response from the Department was required. However, Industry Canada continues to make progress on its values and ethics initiative.

(Additional information can be found on page 42.)

Section 4:

Other Information

4.1 Industry Canada's Organizational Structure



* Reports to the Deputy Minister for administrative and financial purposes and reports to Parliament via Minister in respect of independent law enforcement role.

** Reports to the Deputy Minister as chair of the Audit and Evaluation Committee.

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