

**Western Economic
Diversification Canada**

2008–2009

Report on Plans and Priorities

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SECTION I—OVERVIEW

Minister's Message

Reshaping the economic landscape of the West

Western Canada's identity is closely tied to its spectacular natural landscapes. The West's rugged coastline, soaring mountains, dense forests and rolling prairies define not only the region, but also the regional economy. Forestry, fishing, agriculture, and oil and gas are the foundation of the western economy, and have made the region a driving force behind Canada's prosperity.

For more than 20 years, Western Economic Diversification Canada (WD) has worked to enhance and complement those natural resources by creating a more diversified western economy with strong, competitive and innovative businesses and communities.



As Minister of WD, I have had the great pleasure of travelling and visiting communities throughout the West. I have seen firsthand the positive impact of WD's investments. WD is achieving its mandate by developing policies and delivering programs that lead to economically viable communities with a high quality of life, a competitive and expanded business sector, and a strengthened western Canadian innovation system.

I firmly believe that talent and technology are the primary drivers of a more diversified economy, both in the West's traditional areas of strength and in emerging knowledge sectors.

Over the year ahead, we will focus on encouraging the introduction of new products, technologies, and innovations to existing production and processes.

Expanding economic opportunities in rural areas is another important priority for WD, particularly where community sustainability has been threatened by events like the Mountain Pine Beetle infestation that is destroying vast stretches of northern forest.

We will strengthen rural diversification through projects that increase the capacity of communities to undertake applied research and development (R&D) and value-added processing, supporting economic growth that creates new business and employment opportunities.

Outside the West's traditional sectors, WD will promote the development, commercialization, application and adoption of technology in key areas of western strength, such as information and communications technology (ICT), health industries, biotechnology, environmental technologies and ocean technologies, as well as cross-sectoral platform technologies such as nanotechnology and synchrotron.

Enhanced productivity and competitiveness of western businesses remain priorities for WD, and we will provide access to capital, information, training, skills development, and trade and export opportunities for small and medium-sized enterprises in western communities large and small.

To advance trade and investment opportunities between Canada and the US, WD partners with other federal departments, orders of government and organizations through initiatives like the Enhanced Representation Initiative and its successor, the North American Platform Program. Through initiatives like the Asia–Pacific Gateway and Corridor Initiative, we are investing in the West’s ability to capitalize on the commercial opportunities associated with the rapidly growing economies of Asia and their links to North American markets.

As we move forward, WD’s activities will pursue the goals of *Advantage Canada*, the Government of Canada’s long-term economic plan that aims to improve our quality of life and ensure a strong economy. Through leadership in creating a western economic advantage, we are ensuring that the West strengthens Canada’s position in the global economy and contributes to a prosperous future for Canadians.

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

Management Representation Statement

I submit for tabling in Parliament, the 2008–2009 Report on Plans and Priorities (RPP) for Western Economic Diversification Canada.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2008–2009 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance;
- It is based on the department's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board of Canada Secretariat.

Oryssia J. Lennie
Deputy Minister
Western Economic Diversification Canada

Raison d'être

Western Economic Diversification Canada (WD) was established in 1987 to lessen the West's (British Columbia, Alberta, Saskatchewan and Manitoba) strong economic dependence on its natural resources. Under the *Western Economic Diversification Act*, 1988, the department is mandated to:

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

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

Vision

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

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

Regional development initiatives often address gaps in programs and services at the national level, and provide an on-the-ground capacity to work with local and regional organizations and businesses to promote economic growth and development. They provide scope for tailored approaches within each region to take into account unique economic and industrial circumstances and to capitalize on regional strengths.

Organizational Information

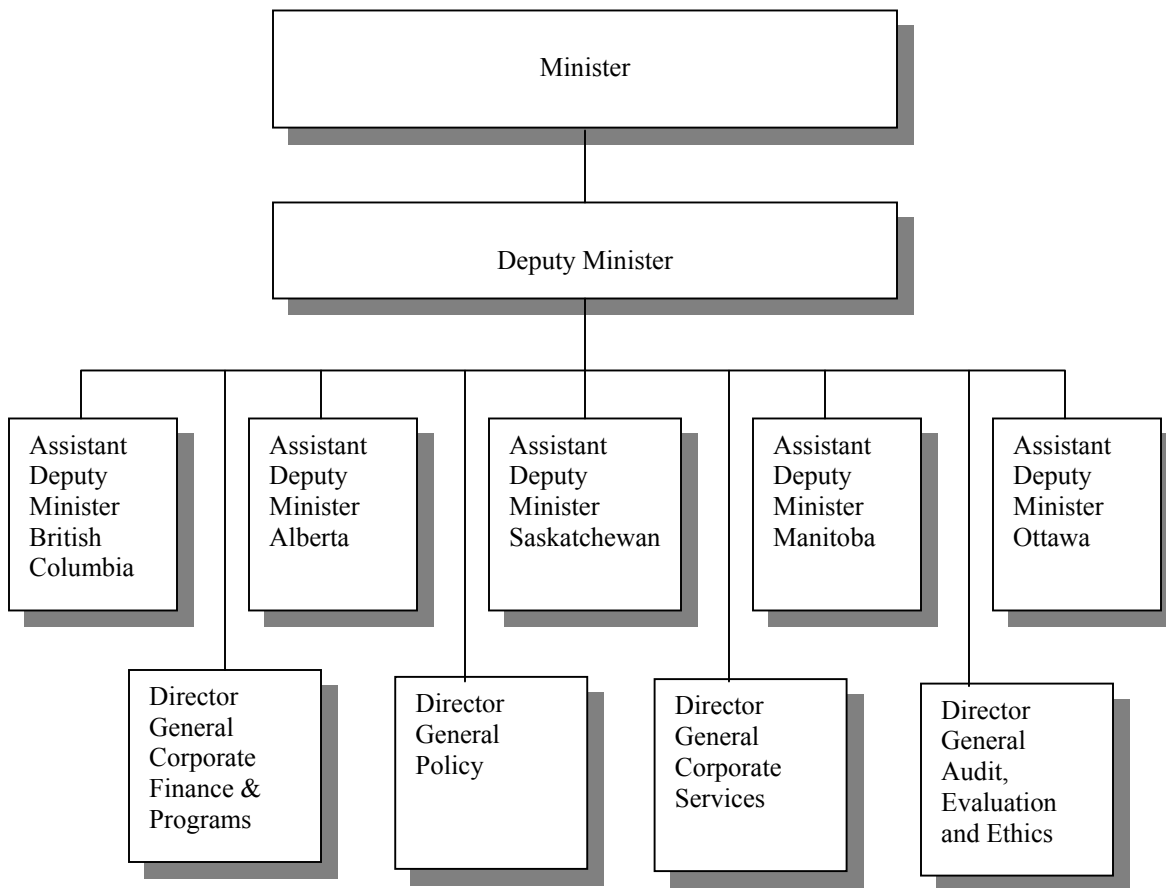
WD's Head Office is located in Edmonton, Alberta, co-located with the Regional Office for Alberta. Regional offices are located in each of the other western provinces – Winnipeg, Saskatoon and Vancouver – with a liaison office in Ottawa and a regional satellite office in Calgary. The department's Deputy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

Each of the western Assistant Deputy Ministers is accountable for the delivery of programs and services in their region that contribute to achieving the department's Strategic Outcomes. In addition, the ADMs each have corporate accountabilities. The Ottawa-based Assistant Deputy Minister and the Director General Policy lead the

department's advocacy activities. The department also works closely with other government departments and other Regional Development Agencies.

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

Western Economic Diversification Canada Organization Structure



Voted and Statutory Items displayed in the Main Estimates (000's)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2008–2009 Main Estimates	2007–2008 Main Estimates
1	Operating expenditures	48,753	42,527
5	Grants and contributions	215,271	205,495
(S)	Contributions to employee benefit plans	5,322	5,188
Total Department or Agency		269,346	253,210

The 2008–2009 Main Estimates for Western Economic Diversification are \$269.3M, a net increase of \$16.1M from the 2007–2008 Main Estimates. The net increase is primarily due to funding increases for the construction of the International Vaccine Centre's (InterVac) Biosafety Level III Containment Facility in Saskatoon (\$27.0M), and funding received in response to the mountain pine beetle infestation in British Columbia, which consists of the Community Economic Diversification Initiative (\$25.4M), and the Airport Improvements Initiative (\$14.9M). Major decreases for the department are related to the Infrastructure Canada Program (\$27.9M), which sunsets March 31, 2011, and the winding down of the 2005 Alberta and Saskatchewan Centenaries (\$27.4M).

Departmental Planned Spending Table and Full-time Equivalents

(\$ thousands)	Forecast Spending 2007–2008	Planned Spending 2008–2009	Planned Spending 2009–2010	Planned Spending 2010–2011
Collaboration and Coordination	5,885	5,866	5,866	5,866
Research and Analysis	4,157	4,160	4,160	4,160
Advocacy	2,660	2,683	2,684	2,684
Community Economic Planning, Development and Adjustment	101,452	109,137	73,325	44,445
Infrastructure	29,946	2,084	1,525	930
Business Development and Entrepreneurship	53,777	58,190	54,375	44,503
Innovation	55,333	87,226	70,893	51,135
Total Main Estimates	253,210	269,346	212,828	153,723
<i>Adjustments:</i>				
Supplementary Estimates:				
Supplementary Estimates (A) ¹	71,199	-	-	-
Supplementary Estimates (B) ²	(284)	-	-	-
Collective Bargaining	313	-	-	-
Operating Carry Forward	2,361	-	-	-
Infrastructure Canada Program		8,700	1,500	-
Community Economic Diversification Initiative	-	3,600	-	-
Forecasted Lapse ³	(51,100)	-	-	-
<i>Total Adjustments</i>	22,489	12,300	1,500	-
Total Planned Spending	275,699	281,646	214,328	153,723
Less: Non-respendable revenue	3,649	2,000	2,000	2,000
Plus: Cost of services received without charge	4,161	4,495	4,521	4,366
Total Departmental Spending	276,211	284,141	216,849	156,089
Full-time Equivalents	384	403	378	348

There is a net decrease in planned spending for 2008–2009 and future years that is mainly due to the following changes in the Program activities:

Community Economic Planning, Development and Adjustment – Although there is a net increase in 2008–2009 for this activity, overall planned expenditures are decreasing in future years. This decrease is attributable to the sun setting of time-limited programs / initiatives, such as the 2005 Alberta and Saskatchewan Centenaries, the Stronger West initiative, the Official Languages Minority Communities Initiative, plus one-time funding received in support for initiatives such as the transfer from the RCMP in support of the construction of the Mounted Police Heritage Centre and funding in support of the Asia–Pacific Gateway & Corridor. However, there is an increase in planned spending for 2008–2009 regarding the federal government’s response to the mountain pine beetle infestation in British Columbia, through the Community Economic Diversification and Airport Improvements Initiatives. In 2008–2009, one-time funding will also be transferred from Natural Resources Canada for the Britannia Mines Interpretive Centre.

Infrastructure – The decrease in this program activity is primarily due to the ending of the Infrastructure Canada Program, which was scheduled for March 2009, but has been extended to March 2011. WD delivers the Municipal Rural Infrastructure Fund (MRIF) and projects under the Canada Strategic Infrastructure Fund (CSIF) on behalf of Infrastructure Canada and operations and maintenance (O&M) funding for both MRIF and CSIF is included in WD’s resource allocations. Grants and Contributions (G&C) resource allocations for MRIF and CSIF, however, form part of Infrastructure Canada’s resource allocation.

Business Development and Entrepreneurship – The net increase in planned spending for 2008–2009 is primarily due to funding received for Canada Business Service Centres and for WD’s contribution to the Enhanced US Representation initiative. However, planned spending for this activity is reduced due to the sunseting of funding in March 2010, which was approved in Budget 2005.

Innovation – There is an increase in planned spending in this activity for 2008–2009 and 2009–2010 related to the construction of the International Vaccine Centre’s (InterVac) Biosafety Level III Containment Facility in Saskatoon. Planned spending for this activity will be reduced in 2010–2011 due to the sunseting of funding in March 2010, which was approved in Budget 2005.

¹ Supplementary Estimates (A) adjustments include the following initiatives:

2007–2008 Supplementary Estimates (A)			
(\$ millions)	Vote 1	Vote 5	TOTAL
Infrastructure Canada carry forward	-	16.55	16.55
Flood Risk Structural Mitigation	-	16.50	16.50
Community Economic Diversification Initiative	1.20	9.73	10.93
International Vaccine Centre's (InterVac) Facility	-	12.00	12.00
Airport Improvements Initiative	0.45	5.44	5.89
Canada Business Services Centres	3.70	-	3.70
Reinvestment of receipts from repayable contributions	-	2.93	2.93
Alberta and Saskatchewan Centenaries	-	2.31	2.31
<i>Public Service Modernization Act</i>	0.20	-	0.20
Legislated requirement to review G&C programs	0.18	-	0.18
CSIF – Red River Floodway Expansion	0.01	-	0.01
TOTAL	5.74	65.46	71.20

² Supplementary Estimates (B) adjustments include the following initiatives:

2007–2008 Supplementary Estimates (B)			
(\$ millions)	Vote 1	Vote 5	TOTAL
Transfer from Canadian Heritage – Official Languages Minority Communities projects	-	0.05	0.05
Transfer to Canadian Institutes of Health Research – Return on Investments in Canadian Health Research project	-	(0.03)	(0.03)
Transfer to Indian and Northern Development – support the Yukon Pacific Council	(0.03)	-	(0.03)
Transfer in support of the Minister's Regional Office in Saskatchewan	(0.27)	-	(0.27)
TOTAL	(0.30)	0.02	(0.28)

³ The forecasted lapse relates to the Infrastructure Canada Program, the Alberta and Saskatchewan Centenaries, the Community Economic Diversification and Airport Improvements Initiatives (Mountain Pine Beetle) and the International Vaccine Centre's (InterVac) project. WD has received approval, through the 2008–2009 Annual Reference Level Update (ARLU) process, to reprofile \$37.3M to future years. WD will seek Treasury Board approval to reprofile the remaining \$13.8M through the 2008–2009 Supplementary Estimates and 2009–2010 ARLU process.

Summary Information

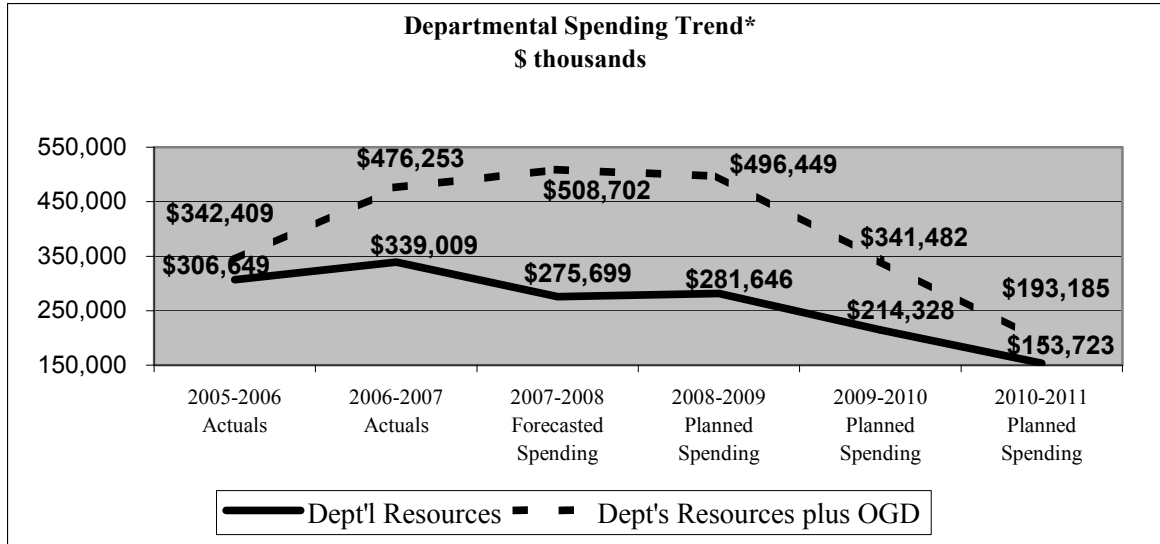
Financial Resources (\$ thousands)

2008–2009	2009–2010	2010–2011
\$281,646	\$214,328	\$153,723

Human Resources

2008–2009	2009–2010	2010–2011
403	378	348

* The reduction of departmental resources over the planning horizon reflects the one-time support of initiatives such as the Prince Rupert Port Authority, the Primrose Lake Air Weapons Range and the winding down of time-limited programs such as the 2005 Alberta and Saskatchewan Centenaries and the Infrastructure Canada Program. This reduction is offset in 2007–2008 by increased spending for the



construction of the International Vaccine Centre's (InterVac) Biosafety Level III Containment Facility in Saskatoon and the BC Flood Risk Structural Mitigation grant. As well, in 2008–2009, there is planned spending for the federal government's response to the mountain pine beetle infestation in British Columbia through the Community Economic Diversification and the Airport Improvements Initiatives that sunset March 2009. A funding reduction in 2010–2011 is related to the sunsetting of funding which was approved in Budget 2005.

Although the department's resources are reduced significantly due to the sunsetting of the Infrastructure Canada Program, WD continues to deliver programs such as the Municipal Rural Infrastructure Fund (MRIF) and projects under the Canada Strategic Infrastructure Fund (CSIF), on behalf of Infrastructure Canada, through an Other Government Department (OGD) suspense account. Under this delivery mechanism, the G&C resources associated with these programs are reflected in Infrastructure Canada's reference level versus WD's. The graph above illustrates the magnitude of WD's delivery of Infrastructure programming.

It is expected that WD will deliver the Communities Component of the Building Canada Fund (BCF) on behalf of Infrastructure Canada and O&M funding for BCF will be transferred to WD's resource allocations in 2008. G&C resource allocations for BCF-CC are included in the RPP of Infrastructure Canada.

Departmental Priorities

Name	Type
1. Technology Commercialization	Updated, on-going priority
2. Trade and Investment	Updated, on-going priority
3. Business Productivity & Competitiveness	Updated, on-going priority
4. Rural Diversification	New priority
5. Management Excellence	Updated, on-going priority

Note: A more detailed discussion of these priorities is available beginning on page 24.

WD's Strategic Planning Framework

Western Economic Diversification's basis for reporting to Parliament is its Program Activity Architecture (PAA). The purpose of the PAA is to explain the relationship between the program activities the department undertakes and the three strategic outcomes it is working to achieve. The PAA seeks to describe how the department manages the resources under its control to achieve intended results/outcomes.

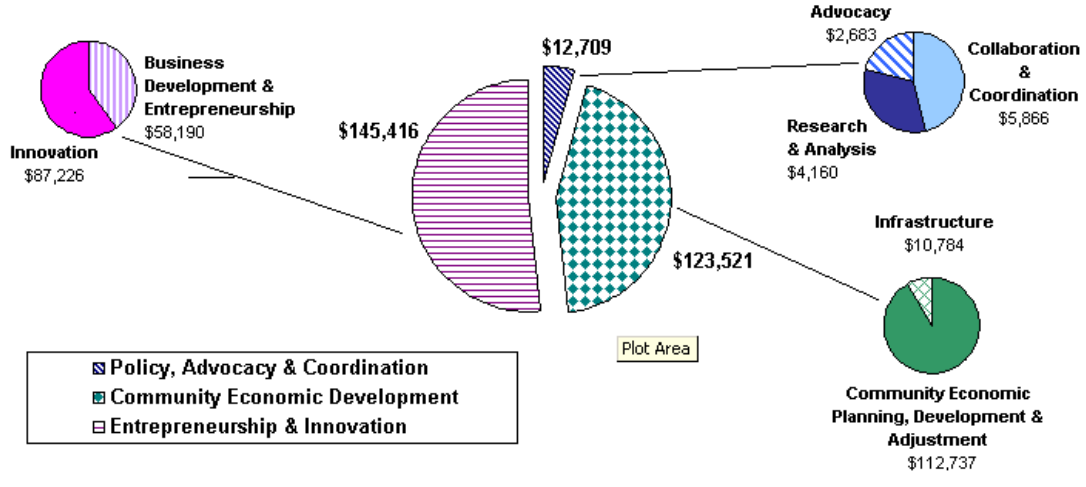
Each of WD's strategic outcomes is associated with two or three program activities. Each program activity is in turn associated with one or more program sub-activities. WD's PAA provides the framework that links expected results and performance measures to individual activities. Actual results are reported in terms of PAA activities and sub-activities.

The framework on the following page depicts the logical relationship among WD's strategic outcomes and its program activities. It also demonstrates how WD's 2008–2009 priorities contribute to achieving the department's strategic outcomes, and how WD contributes to Government of Canada outcomes.

In Section II, Analysis of Program Activities by Strategic Outcome, further details on WD's program sub-activities can be found in the tables describing the performance measurement strategy for each program activity.

The following chart shows planned spending for 2008–2009 by both Strategic Outcome and Program Activity:

**2008 - 2009 Planned Spending by Strategic Outcome
and Activity (\$ thousands)**



Western Economic Diversification Canada Strategic Planning Framework 2008–2009

Government of Canada Outcome Areas

Strong Economic Growth

An Innovative and Knowledge-Based Economy

How WD contributes
to a stronger Canada

WD Mandate

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

WD Vision

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

Our 2008–2009 Priorities

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

Our Strategic Outcomes

Policy, Advocacy & Coordination:

Policies and programs that support the development of Western Canada

Community Economic Development:

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

Entrepreneurship & Innovation:

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

Our Program Activities

- Collaboration & Coordination
- Advocacy
- Research & Analysis

- Community Economic Planning, Development & Adjustment
- Infrastructure

- Business Development & Entrepreneurship
- Innovation

A stronger West. A stronger Canada

Program Activities by Strategic Outcome

	Expected Results	Planned Spending (000's)			Contributes to the following priority
		2008–2009	2009–2010	2010–2011	
Strategic Outcome:	A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship & Innovation)				
Program Activity: Business Development & Entrepreneurship	Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace	58,190	54,375	44,503	<ul style="list-style-type: none"> ▪ Trade and Investment ▪ Business Productivity & Competitiveness
Program Activity: Innovation	An increase in knowledge-driven and value added economic activities	87,226	70,893	51,135	<ul style="list-style-type: none"> ▪ Technology Commercialization ▪ Rural Diversification
Strategic Outcome:	Economically viable communities in Western Canada with a high quality of life (Community Economic Development)				
Program Activity: Community Economic Planning, Development and Adjustment	Communities have increased economic opportunities and capacity to respond to challenges	112,737	73,325	44,445	<ul style="list-style-type: none"> ▪ Rural Diversification
Program Activity: Infrastructure	To maximize economic, social, cultural and environmental benefits to western Canadians through investments in public infrastructure in a coordinated manner with provincial and municipal governments	10,784	3,025	930	
Strategic Outcome:	Policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination)				
Program Activity: Collaboration & Coordination	Better coordinated economic development activities and programs in the West	5,866	5,866	5,866	<ul style="list-style-type: none"> ▪ All program priorities
Program Activity: Advocacy	Decisions by other organizations that improve economic policies and programs in the West	2,683	2,684	2,684	<ul style="list-style-type: none"> ▪ All program priorities
Program Activity: Research & Analysis	Improved understanding of western Canadian economic issues, challenges, opportunities and priorities	4,160	4,160	4,160	<ul style="list-style-type: none"> ▪ All program priorities
Total Planned Spending		281,646	214,328	153,723	

Economic Overview of the Western Provinces¹

In recent years, Western Canada as a region has led the country in economic performance. Real gross domestic product (GDP) for the West grew 4.3 per cent in 2006, exceeding the national average of 2.8 per cent. This trend is projected to continue and the region will maintain its leading position in the country over the next few years. Western Canada has benefited from the fast growing global demand for commodities and the development of the mining and energy industries. This economic boom, however, is subject to fluctuations in the world market, and masks the need to continue diversifying from a resource-based economy. Another characteristic of the economic boom in Western Canada can be described by the record low unemployment. The region, challenged by severe labour shortages and demographic shifts, has been relying on inter-provincial and international migration to fill the gaps.

Manitoba

In 2006, for the first time since 1998, Manitoba's economic growth rate was higher than the national average. Buoyed primarily by a healthy construction sector, high agriculture production and a strong manufacturing sector, the province's real GDP grew by 3.2 per cent. For 2007 and 2008, the construction sector should continue to be strong, while growth in the manufacturing and mining sectors is also expected to be robust. The unemployment rate is forecasted to be only 4.3 per cent in 2007–2008, while 9,000 new jobs are projected in 2008. According to the Conference Board of Canada's projection, Manitoba's economy should grow by 3.7 per cent in 2007 and 3.5 per cent in 2008, respectively.

Saskatchewan

In sharp contrast to the rest of Western Canada, Saskatchewan's real GDP actually contracted by 0.4 per cent in 2006; it was the only province to experience a decrease in GDP that year. This drop was largely attributed to difficulties in the agriculture, forestry, and mining sectors. Fortunately, the province's economy is expected to expand in 2007 by an impressive 4.3 per cent, second highest in the country, fuelled primarily by a booming potash production and large positive net migration. The significant influx of people moving to Saskatchewan is creating strong demand for housing, powering the construction sector. Migration to the province, however, is expected to slow down considerably in 2008, causing a slight retreat in construction activities. The boom in the mining and retail sectors should also cool down, but agriculture output is expected to recover. Overall, Saskatchewan's economy is forecasted to grow at a more sustainable but still respectable rate of 2.8 per cent in 2008.

¹ Data sources for this section are Statistics Canada (for 2006) and Conference Board of Canada (for 2007 and 2008)

Alberta

After a remarkable growth rate of 6.6 per cent in 2006, Alberta's real GDP is expected to have grown at the more moderate but still impressive rate of 3.4 per cent in 2007, and the province's economy is forecast to grow by 3.6 per cent in 2008. The decreased growth rates are primarily attributed to a major slowdown in drilling activity due to low natural gas prices, while uncertainty caused by the proposed new royalty regime is further dampening activity. Growing service and manufacturing sectors, in combination with rising non-conventional oil production, will help keep the economy strong. With an average unemployment rate of only 3.5 per cent, the province will continue to see positive net inter-provincial migration, although the flow is expected to diminish. Strong household income gains helped drive retail sales up by an estimated 11.2 per cent in 2007, the fourth consecutive year of double-digit growth. The housing market is predicted to cool off though, after substantial gains in 2006 and 2007.

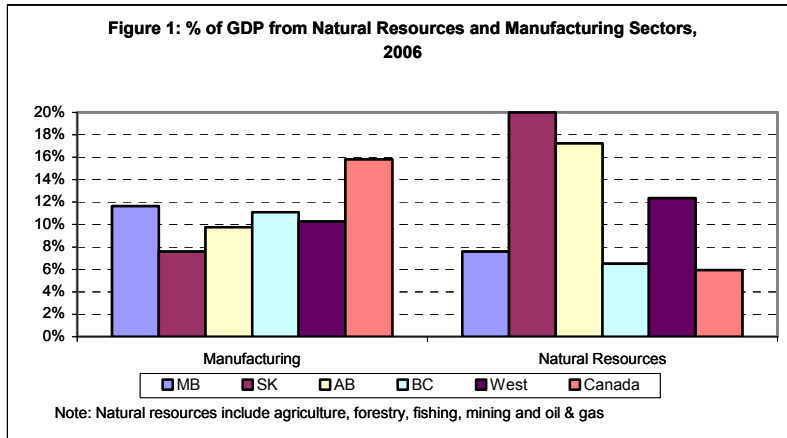
British Columbia

British Columbia's real GDP growth rate was a solid 3.3 per cent in 2006, and should continue to grow steadily at 2.9 per cent in 2007 and 3.0 per cent in 2008. BC's forestry sector has been hit hard by the US slowdown and a strong Canadian dollar. The newsprint and paper manufacturing sectors have also been adversely affected. The US slowdown has also impacted the BC tourism sector, which was already impacted by increased border security and higher fuel costs. The primary reason for BC's stable and impressive growth is a strong construction sector that is active both in the development of facilities for the upcoming Winter Olympics, as well as residential construction. Second only to Alberta, BC's unemployment rate is only 4.1 per cent; BC's buoyant labour markets generated large positive net migration to the province. The manufacturing sector is expected to have contracted for 2007, but should rebound in 2008.

BC's Interior Region continues to feel the impact of the mountain pine beetle infestation. In recent years, these communities were buffered by high demands for BC wood but with this demand falling-off, mills across BC have closed. The long-term economic prognosis of beetle-impacted communities is discouraging, as there will be limited suitable sources of wood fibre, likely for decades.

Challenges and Risks Facing Western Canada

Western Canada has benefited greatly from natural resources, particularly energy resources, and a strong global demand. In 2006, natural resources accounted for 12.3 per cent of total GDP in Western Canada, which was much higher than the national average of 5.9 per cent (Figure 1). The region's lack of diversification and ongoing reliance on the resource sector make its economy vulnerable to a number of risks, including: volatile commodity market prices; disruptions from trade disputes or disasters such as the mountain pine beetle, floods and softwood lumber; and environmental issues including potential conflicts between growth in resource extraction and environmental concerns, as

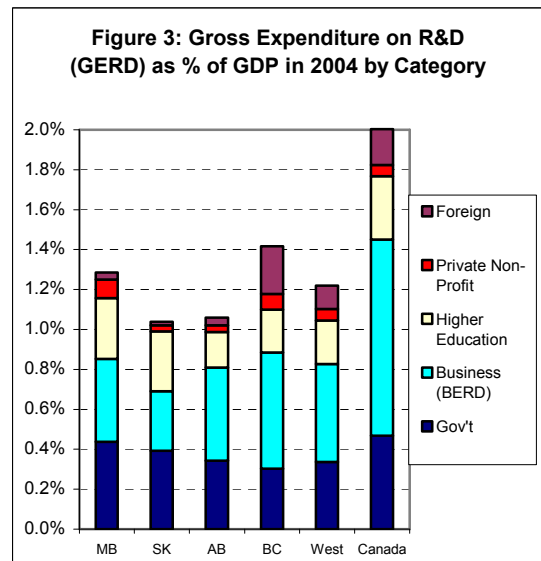
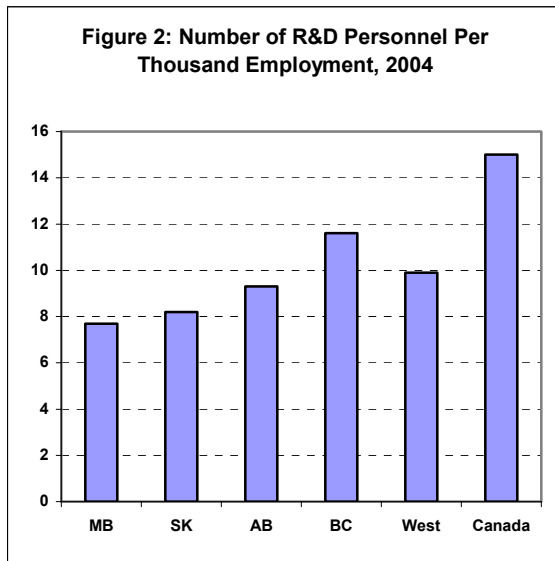


well as sustainability issues related to water, increased greenhouse gases, pollution and health issues. An example is the depressed agricultural and forestry commodity prices as a major contributor to the economic slowdown in Saskatchewan in 2006.

To diversify its economy, Western Canada needs to expand and strengthen its value-added industries. Currently, manufacturing accounts for a much smaller component of the western Canadian economy (10.2 per cent) than the national average (15.8 per cent, Figure 1). Western Canada has strong potential in knowledge-based manufacturing sectors such as aerospace and biotechnology, and value-added manufacturing of forestry products, petroleum refining, bitumen upgrading, chemical production, and agri-foods. These sectors, however, are challenged to become more innovative, more productive, and increase investment in machinery and equipment in order to be competitive in a global environment. Increasing productivity is fundamental to raising the living standards of all western Canadians.

One of the most significant barriers to the expansion of knowledge-based industries is the commercialization of new technologies. In general, firms in the West employ fewer highly qualified personnel (HQP) and have lower business expenditures on research and development (BERD), resulting in fewer technologies being commercialized (Figures 2 and 3). Other key issues include: lack of access to early stage capital to facilitate company start-up and growth, experienced management, and systems in place to support knowledge-based companies to take research from the development stage to a commercially viable business.

The Speech from the Throne (SFT) on October 16, 2007, stressed the importance of supporting Canadian researchers and innovators to develop new ideas and bring them to the marketplace through Canada's Science and Technology (S&T) Strategy. This focus will have a positive impact on Western Canada's innovation system and commercialization performance.



Much of Western Canada's economic growth relies on trade. In 2006, the dominant export market of the western provinces was the United States, ranging from 61.2 per cent in British Columbia to 88.6 per cent in Alberta. As a result, Western Canada's economy is sensitive to the impact of US market slowdowns as well as the rising Canadian dollar. Western Canada needs to expand access to markets such as those in the Asian Pacific, and to increase inter-provincial trade. The West will benefit from capitalizing on opportunities such as Canada's Asia-Pacific Gateway and Corridor Initiatives to promote trade, investment and international competitiveness and reducing its dependence on US markets.

According to 2007 data, 36 per cent of Canada's small- and medium-sized enterprises (SMEs, <250 employees) were located in Western Canada. Small businesses (< 50 employees), in particular, dominate Western Canada, creating approximately 80 per cent of new jobs and employing approximately 64 per cent of the labour force. The number of small businesses per capita in Western Canada is 30 per cent higher than in the rest of Canada. Research indicates that SMEs that export perform better than non-exporters; however, only a small proportion of SMEs are exporters. An entrepreneurial and competitive business environment is critical to encouraging more businesses to be linked to global supply chains and to compete globally.

The current labour and skills shortages, identified as one of the most significant problems in Western Canada, are restricting the ability of some business to sustain and expand. Shifting demographic trends such as an aging population are also affecting the availability of labour. Labour shortages may be partially addressed through increased participation of the Aboriginal population, immigration, education and training, delayed retirement and more flexible work arrangements.

The rural areas experience all of the challenges identified above; however, these challenges are exacerbated due to the lack of critical mass and capacity. Lack of economic and educational opportunity has resulted in migration of young people to urban

areas. Since many rural areas are dependent on the extraction of natural resources, diversifying the rural economy requires investment capital, transportation infrastructure, and communications systems. Opportunities may exist in building and developing value-added processing and niche manufacturing to increase rural diversification.

Linkages Between Government-Wide Priorities and WD Priorities

The most recent SFT stated that Advantage Canada remains the cornerstone of Canada's economic plan, including ensuring an innovative and entrepreneurial business environment. As the lead for regional development in Western Canada, WD's economically focused priorities align very well with Advantage Canada and the SFT.

Advantage Canada, a long-term strategic economic plan designed to improve our country's economic strength and prosperity, focuses on the creation of five competitive advantages that will help Canadians improve quality of life and succeed on the world stage.

Three advantages in the economic plan – Entrepreneurial Advantage, Knowledge Advantage, and Infrastructure Advantage – are reflected in WD's Strategic Outcomes, which include enhancing economic growth and diversification to improve the competitiveness of Western Canada in a fast-changing world.

Departmental Priorities for 2008–2009

During the summer of 2006, consultations with key western stakeholders were undertaken to examine the West's current and future challenges and opportunities, and to consider how WD can best support and add value to long-term growth and competitiveness in the West. As a result of those discussions, the department re-defined its strategic framework and created a new vision. Those consultations also were instrumental in helping the department determine its priorities for the 2008–2009 year.

For the upcoming year, the department has identified five priorities, including four program priorities and one management priority. These are specific areas WD has chosen to focus and report on during the planning period. The four **program priorities** are:

- 1. *Technology Commercialization*** – In order to facilitate the translation of knowledge and technology into commercial opportunities, WD will make strategic investments in technology commercialization and adoption projects leading to an increase in the number of technologies developed in research institutions that have commercialization potential, and an increase in technologies adopted by existing firms.

2. **Trade and Investment** – WD recognizes that the region’s interests are best served as part of a coordinated national trade agenda, with many trade and investment partners working together on improving international competitiveness and strengthening trade and economic corridors of importance to the West. WD will focus its efforts on enhancing SME participation in international business development; enhancing investment attraction and branding; and enhancing trade corridors between the US, Asia–Pacific and Western Canada.

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

4. **Rural Diversification** – WD will promote rural diversification by supporting projects that will increase the capacity in rural communities to undertake applied R&D and value-added processing and encourage new opportunities for skilled employment. In addition, the department will undertake research to identify opportunities to further diversify the rural western Canadian economy.

The fifth priority is **management** priority and commits WD to strive towards a level of excellence in the management of resources at its disposal in pursuing its strategic outcomes. The department has a Change Management Plan in place that is designed to provide context, direction and the basis to evaluate WD’s key change initiatives. The plan engages staff at all levels across the department in change initiatives. WD's management excellence agenda is based on the Change Management Plan as well as the federal government's Management Accountability Framework (MAF). It includes action on all ten elements of the MAF: Public Service Values; Governance and Strategic Directions; Policy and Programs; Results and Performance; Learning, Innovation and Change Management; Risk Management; People; Stewardship; Citizen-focused Service; and Accountability. Within this overall framework WD selects management priorities using a risk-based approach. WD's Executive Committee approved a comprehensive Corporate Risk Profile (CRP) in December 2006. The following elements of WD’s fifth priority, Management Excellence, flow from the CRP and comprise a key part of WD's strategy to mitigate these risks:

5. **Management Excellence** – during this fiscal year, WD will focus on:

- Implementation of the government of Canada's Management Results Reporting Structure (MRRS) to improve performance planning, measurement and reporting.
- Strengthening Internal Audit and Evaluation.
- Strengthening accountability, transparency and performance reporting for members of the Western Canada Business Service Network (WCBSN) and improved coordination among WCBSN members and other economic development organizations.
- Human Resources Renewal to sustain the necessary complement of qualified, motivated and knowledgeable staff.
- Reviewing, updating and more fully integrating risk-based decision making into all elements of management.

WD's Operating Environment

On August 4, 2007, WD celebrated its 20th anniversary of providing services to western Canadians. The department delivers a number of its own programs, as well as a number on behalf of other federal departments. A range of key transfer payment program authorities are used to contribute to WD's Strategic Outcome and Program Activity results and thereby deliver on the department's mandate and these are described in more detail in Appendix B, as well as on WD's website at:

http://www.wd.gc.ca/16_ENG_ASP.asp. WD also provides core-operating funding to members of the Western Canada Business Service Network,² a group of several independent organizations who provide a range of services to help create and build small businesses across the West.

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

² http://www.wd.gc.ca/99_ENG_ASP.asp.

As noted above, WD's **Management Excellence** priority is based on the government-wide Management Accountability Framework (MAF). One area of the MAF is Citizen-focused Service, and given WD's reliance on its relationships with many partners/clients to deliver on its mandate, the department recently undertook a Client Satisfaction Survey. The results of the survey were positive, will be made public, and an action plan will be developed and implemented during 2008–2009.

WD is a regionally based department. Each western province and corporate organizational unit has a specific business and human resources plan that reflect the realities of that particular area. A key contribution to the department's management priority of Management Excellence has been the recent introduction of a Corporate Business Plan and a Corporate Human Resources Plan along with the integration of these plans with the regional and other corporate organizational unit plans. During 2008–2009, these plans will be further integrated and entrenched within the departmental planning and reporting framework.

Integrated Risk Management

Further integration of planning has occurred through the establishment of a comprehensive risk management strategy that is incorporated into all levels of the organization. The department has an Integrated Risk Management Framework, to manage risk throughout the organization, from the project approval process, through to the business planning process. WD has a current Corporate Risk Profile, and corresponding Action Plans that identify accountabilities to assist with on-going monitoring.

WD has identified eight key corporate risks, as well as management strategies and accountabilities for each risk. The eight corporate risks and action plans (Appendix C) identified in the current plan focus primarily on ensuring the organization manages issues related to demonstrating results, organizational responsiveness, working with partners, financial management, managing strategic communications, human resource renewal and information management.

Public Service Renewal

WD, like many departments, is faced with the challenge of a changing, aging, and more mobile workforce. In an effort to address these challenges, the department has developed and initiated a significant Public Service (PS) Renewal Action Plan that includes outreach, recruitment, succession planning, learning, and other initiatives.

The PS Renewal Action Plan addresses one of WD's eight key risks identified in the Corporate Risk Profile – recruitment, retention, succession planning and training, and also addresses an element of WD's Management Excellence priority – Human Resources Renewal to sustain the necessary complement of qualified, motivated and knowledgeable staff.

During the fall of 2007, WD fully integrated its business planning and human resources efforts. A Corporate Business Plan was developed for the first time which is aligned with, and informs the Corporate Human Resources Plan. Three overarching realities inform WD's Corporate Human Resources Plan.

First, WD faces a **renewal challenge** given the fact that the executive (EX) and EX feeder groups are approaching retirement age. In an effort to address the potential loss of corporate memory and experience needed to effectively deliver judgment-based economic programming in an extremely complex environment, WD is devoting considerable attention to recruitment, retention and development of new professionals.

In addition, the department has also recently launched the first phase of its Succession Plan. Staff have been invited to self-identify for future leadership positions of interest and to assess their level of readiness, and learning and development needs. While future staffing will occur based on the merit principle, both human resources planning and learning and development strategies will be developed based on the Succession Plan.

Second, a **refocused learning and development program** will also be important to WD's renewal effort. This program will target the acquisition of new knowledge and skills where gaps are identified, and the transfer of existing knowledge to both current and new professionals. Continuous learning for all employees is key to WD's effectiveness.

One early step will be to assess the department's internal capabilities with respect to technology commercialization, trade development, R&D based clusters and value-added resource processing, with a view to developing strategies to enhance analytical capabilities in these areas. Another priority is to build staff skills related to building capacity in not-for-profit organizations (including members of the WCBSN) to make them more effective and accountable in their use of public funds.

Third, the successful execution of WD's business and human resource plans hinges on attaining **management excellence** throughout the organization **and strengthening systems of accountability**. This takes a strong organizational commitment on an ongoing basis in terms of time and resources. It means understanding what the department currently does well and, more importantly, where WD needs to improve. Priorities include: management training in the interpretation of collective agreements, training for all employees on giving and receiving feedback, promoting respect in the workplace, and focusing on the development and demonstration of core competencies.

Performance Measurement

The department delivers a range of grants of contribution (G&C) funding for projects that contribute to WD's strategic outcomes. As noted above, WD delivers a number of its own programs as well as a number on behalf of other federal departments.

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

During the 2007–2008 fiscal year, WD made changes to its project database, Project Gateway, to allow results data to be captured electronically within the database. The continuing challenge for the department will be to roll-up the results of these individual projects and activities. For example, while many projects contribute to the Business Development and Entrepreneurship program activity, their expected results are quite diverse, and in many cases the results may not occur until three to five years, or even longer, after the project was initially approved. Work has commenced on setting targets for all performance indicators.

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

Entrepreneurship and Innovation

Strategic Outcome:

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

Strategic Outcome Performance Indicators:

- Real GDP growth
- International Trade: value of exports excluding primary production sectors, \$M
- R&D intensity: Gross Domestic Expenditures on R&D (GERD) as per cent of GDP and Adjusted Gross License Income received by western Canadian Institutions

Performance Measurement Strategy: Analysis of data from Statistics Canada

SMEs play a critical role in the western Canadian economy. Approximately one half of jobs in the West occur in establishments with less than 50 employees. The number of small businesses per capita in Western Canada is 30 per cent higher than in the rest of Canada.³

Western Canada's innovation system faces the challenge of comparatively fewer large companies outside of the predominantly foreign-owned resource industries and fewer head offices or private R&D facilities within Western Canada that could serve as a catalyst and source for new investment or commercially-driven research discoveries along with providing an anchor for R&D and new business growth.

Program Activity:

1.1 Business Development and Entrepreneurship

	2008–2009	2009–2010	2010–2011
Financial Resources (\$ thousands)	\$58,190	\$54,375	\$44,503
Human Resources (FTEs)	118	104	99

This program activity contributes to the following department priorities:

- Trade and investment
- Business productivity and competitiveness

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

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

As a region, Western Canada is a comparatively small and high-cost economy. The primary challenge facing western Canadian provinces will be to build on the existing strengths of a resource-based economy while adapting to the intensifying pressures to remain internationally competitive. Canadian companies are experiencing intense pressure to remain competitive, as emerging powers such as China and India transform patterns of trade and investment worldwide. Now more than ever, Canada must focus on trade and investment to strengthen Canada's ability to compete in the global economy and ensure long-term prosperity for the country.

Companies that trade are typically more competitive, productive, grow more (small become mediums) and have a higher return on investment. Within Western Canada there were 13,010 exporting establishments in 2005,⁴ accounting for 28 per cent of the total number of exporting establishments in Canada, however, there are roughly 800,000 SMEs in Western Canada.⁵ There is a distinct role for WD to assist SMEs to become export-ready, and to pay particular attention to helping those sectors and markets that diversify the West's trade activity from its current resource dependency.

WD also has a role within the federal government's industrial regional benefits (IRB) policy, used to improve industrial competitiveness, gain market access and increase investment and exports in high technology sectors. Whether the procurements are made by the Canadian government, and involve foreign prime contractors or are made by foreign governments, these activities provide a key opportunity of involving western Canadian SMEs in value added manufacturing or knowledge based industry global supply chains.

WD recognizes that the region's interests are best served as part of a coordinated national trade agenda, with many trade and investment partners working together on improving international competitiveness and strengthening trade and economic corridors of importance to the West. WD will focus its efforts on enhancing SME participation in international business development; enhancing investment attraction and branding; and enhancing trade corridors between the US, Asia-Pacific and Western Canada.

WD works to achieve results that support small business growth in the West primarily by providing assistance to industry or business associations for projects that have systemic benefits, or through third-party delivery organizations such as financial institutions, or through the more than 100 offices of the Western Canada Business Service Network (WCBSN). Links to organizations affiliated with the WCBSN can be found at:

⁴ Source: [A Profile of Canadian Exporters: 1993 to 2005](#). Statistics Canada, November 2007.

⁵ Source: [Revisiting Portraits of Small Business Growth and Employment in Western Canada](#). Western Center for Economic Research, 2006.

http://www.wd.gc.ca/17_ENG_ASP.asp. Leveraging of service and capital support for entrepreneurs is key to WD's business development strategy. During 2008–2009, service offerings will be expanded through new service channels like the video-conferencing facilities being put in place in Saskatchewan and British Columbia to complement those already in place in Alberta and Manitoba.

A 2004 Statistics Canada Survey on Financing of Small- and Medium-sized Enterprises (SMEs) found that 20 per cent of SMEs cited obtaining financing as an obstacle to business growth. Those more likely to experience difficulties in obtaining financing included: innovative businesses (40 per cent), young enterprises – defined as those that started operation in 2002 (34 per cent), exporters (29 per cent), and manufacturers (27 per cent).

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

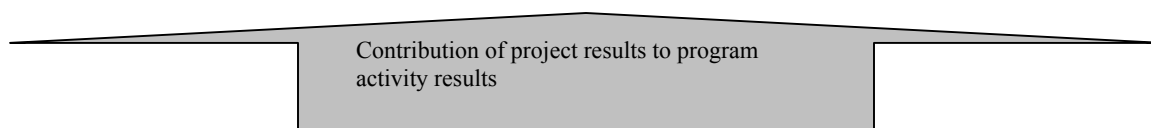
To address the broad shortage of Risk Capital available to small businesses in Western Canada, WD plans to issue a solicitation of interest to a broad range of capital providers such as venture capital managers, angel organizations, banks and credit unions. WD proposes to negotiate with respondents to the solicitation, among others, to develop agreements using the Loan and Investment Program authority model to leverage up to \$100M or more in higher risk debt or equity financing over the next five years.

Another source of capital for SMEs in the West is the loan funds that WD has provided to most members of the WCBSN. These loan funds enable network members to provide repayable loans to SMEs in rural areas, and to those operated by women, francophones, young entrepreneurs or those with disabilities. In 2008–2009, WD will work with members of the WCBSN to develop strategies to increase the number of loans made to SMEs by a minimum of 10 per cent over 2007–2008 levels.

There are key risks associated with utilizing third-party organizations to deliver services which may present challenges to WD's ability to consistently and properly assess and monitor these organizations, as the skills and qualification levels of personnel and board members of these organizations is outside WD's control. This risk is mitigated by maintaining strong relationships with these organizations along with requiring regular program evaluations and audits. As an example, during 2008–2009, WD will have the results from a formal evaluation of the Community Futures Program evaluation, and action plans will be established for any issues identified.

WD's network members also provide SMEs with path finding services and referrals to alternative sources of financing. One of WD's continued priorities for 2008–2009 is the implementation of strengthened standards for accountability, transparency and performance reporting by members of the WCBSN and improving coordination among WCBSN members, and other business and economic organizations.

Business Development and Entrepreneurship
Expected Results: Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace
Program Activity Performance Indicators: <ul style="list-style-type: none"> • SME revenue (All SME sizes) (excluding non-employee), \$M • SME employment, (All SME sizes) (excluding non-employee) • Annual capital amount accessed by SMEs through WD programs
Performance Measurement Strategy: Analysis of Data from Statistics Canada supplemented by contributions of individual project results



Program Sub-activity:	Performance Indicators:
<i>Improve Business Productivity</i>	<ul style="list-style-type: none"> • Client satisfaction • # jobs created or maintained • # businesses created/maintained/expanded
<i>Market/Trade Development</i>	<ul style="list-style-type: none"> • # industry association partnerships created • # co's participating in export and market development initiatives • # projects promoting participation in major international events
<i>Industry Collaboration</i>	<ul style="list-style-type: none"> • # partnerships/strategic alliances • Participant satisfaction
<i>Foreign Direct Investment</i>	<ul style="list-style-type: none"> • \$ in direct investment facilitated by WD
<i>Access to Capital</i>	<ul style="list-style-type: none"> • \$ capital funds provided • \$ leveraged • Increase in sales

The following table illustrates the **key** transfer payment programs authorities the department utilizes to support the expected results of this program activity:

Key Transfer Payment Programs Authorities *	Financial Resources (000's)		
	2008–2009	2009–2010	2010–2011
Western Diversification Program	24,184	24,083	15,900
Community Futures Program	13,948	14,219	12,804
Loan and Investment Program	3,500	3,500	3,500

*Appendix B provides a description of key transfer payment programs authorities.

The WDP has a number of sub-elements that support this program activity, and further information on these sub-elements such as the Western Economic Partnership Agreements, the Canada–Saskatchewan Northern Development Agreement, the Women's Enterprise Initiative, and the Urban Development Agreements, can be found at http://www.wd.gc.ca/16_ENG_ASP.asp.

Program Activity:

1.2 Innovation

	2008–2009	2009–2010	2010–2011
Financial Resources (\$ thousands)	\$87,226	\$70,893	\$51,135
Human Resources (FTEs)	77	76	69

This program activity contributes to the following department priorities:

- Technology Commercialization
- Rural Diversification

Innovation is the process of transforming knowledge into new products, processes and services, which in turn generate new economic benefits. For this process to succeed, a complete system must be available that supports the movement of a new idea from the initial concept through to research and development to commercialization of a ready-for-market product. A highly developed innovation system is focused on a specific area of strength and includes: universities; research facilities; industry; government labs; and other knowledge infrastructure that develop new technologies and a skilled workforce; early stage venture capital financing to help bring technologies to markets; industry associations and other organizations that link the players in the innovation system; firms capable of developing, adopting and marketing new technologies, and that are connected to local and global markets; and a business environment that fosters innovation.

WD's support for the creation and growth of knowledge-based clusters in new economy sectors in Western Canada such as information communications technology (ICT), life

sciences (health industries, biotechnology), and other technologies such as environmental technologies contribute to an increase in knowledge-driven and value-added economic activities.

In 2008–2009, WD will focus on the following priorities, both of which contribute to a stronger innovation system and an increase in knowledge-driven and value-added economic activities:

- Technology commercialization – in order to facilitate the translation of knowledge and technology into commercial opportunities, WD will make strategic investments in:
 - Technology commercialization and adoption initiatives leading to an increase in the number of technologies developed in research institutions that have commercialization potential, and an increase in technologies adopted by existing firms;
 - Technology skills development leading to an increase in training, education and skills building to increase the number of highly qualified people (HQP) and to ensure HQP are retained;
 - Applied R&D leading to development of technologies with commercial potential;
 - Knowledge infrastructure to increase the physical assets and capacity underlying a cluster; and
 - Linkages to increase connections and synergies among innovation system (cluster) members.

- Rural diversification – non-metropolitan areas of Western Canada have potential to diversify from traditional sectors by participating in global supply chains, by increasing value added processing, by exporting to new markets and by building on existing strengths. WD will undertake research to identify opportunities to further diversify the rural western Canadian economy.

WD will continue to work with stakeholders including: the not-for-profit sector, academic institutions, industry associations and other levels of government to strengthen the western Canadian innovation system through both regional and pan-western initiatives.

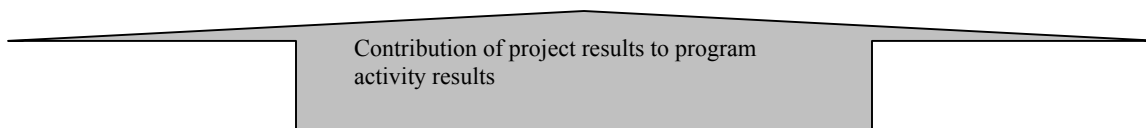
Investments in new economy sectors have several risk factors. The innovation process has inherent risks from discovery through to commercialization and marketing. As part of the due diligence process, WD conducts a risk assessment to mitigate project risks. WD also undertakes impact assessments of innovation projects. These assessments provide valuable guidance for future projects. The largest external risk to current and future economic growth in the West is the availability of highly qualified people (HQP). Addressing this issue through immigration policy, training and retention strategies is under the mandate of other departments, however, WD has provided targeted support to increase HQP through the program sub activity, technology skills development.

WD's approach to innovation and priority clusters is aligned with the broader federal strategy. The 2007 federal S&T strategy, "Mobilizing Science and Technology to Canada's Advantage" fosters Canada's:

- entrepreneurial advantage, by translating knowledge into applications;
- knowledge advantage, by building on research and engineering strengths to generate new ideas and innovations; and
- people advantage, by growing Canada's base of knowledge workers;

while building on four core principles of promoting world-class excellence, focusing on priorities, encouraging partnerships and enhancing accountability. Priority sectors of the federal strategy are environmental S&T, natural resources and energy, health and related life sciences and information and communications technology, which are consistent with WD's priorities.

Innovation
Expected Results: An increase in knowledge-driven and value added economic activities
Program Activity Performance Indicators: <ul style="list-style-type: none"> • Business Expenditure on R&D as percentage of GDP • R&D Personnel per thousand employment • number of patents per million population
Performance Measurement Strategy: Analysis of Data from Statistics Canada supplemented by contributions of individual project results



Program Sub-activity:	Performance Indicators:
<i>Technology Adoption and Commercialization</i>	<ul style="list-style-type: none"> • # patents filed/issued • # technology demonstrations • # technologies adopted
<i>Technology Linkages</i>	<ul style="list-style-type: none"> • # partnerships/networks formed • # attendees • # members
<i>Technology Research and Development</i>	<ul style="list-style-type: none"> • # skilled personnel • # products or processes that are identified for further R&D
<i>Community Innovation</i>	<ul style="list-style-type: none"> • \$ invested in knowledge infrastructure or tech com facilities • # studies • # individuals with enhanced skills
<i>Technology Skills Development</i>	<ul style="list-style-type: none"> • # training courses • # people trained
<i>Knowledge Infrastructure</i>	<ul style="list-style-type: none"> • # square meters dedicated to R&D and skills training • Value of R&D undertaken in the new facility or using new equipment supported under this project • # physical assets

The following table illustrates the **key** transfer payment program authorities the department utilizes to support the expected results of this program activity:

Key Transfer Payment Program Authorities*	Financial Resources (000's)		
	2008–2009	2009–2010	2010–2011
Western Diversification Program	77,983	61,765	42,702

* Appendix B provides a description of key transfer payment program authorities. A major Innovation initiative under the Western Diversification Program (WDP) authority is the construction of the International Vaccine Centre's (InterVac) Biosafety Level III Containment Facility, totalling \$49M.

Community Economic Development

Strategic Outcome:

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

Strategic Outcome Performance indicators:

- Disposable income per capita
- Labour productivity growth – real GDP per hour worked

Performance Measurement Strategy: Analysis of data from Statistics Canada

Despite the West's strong overall economic performance, many communities and regions continue to face challenges in attracting investment and realizing potential opportunities. The skills shortages and aging workforce seen throughout the country are exacerbated in rural areas, where young people continue to move away to pursue jobs and education. At the same time, there are individuals who cannot, for one reason or another, participate fully in the mainstream economy. This is particularly true when it comes to Aboriginal people. The Canadian Chambers of Commerce estimates that a lack of Aboriginal participation in the economy costs the country approximately 1.5 per cent of its GDP, or half of its projected growth for 2008.⁶ The impact of Aboriginal economic participation on GDP is particularly acute in the West, since 62 per cent of the national Aboriginal population lives in Western Canada. Connecting more Aboriginal people to increased economic opportunities has the potential to benefit Aboriginal communities and all Canadians.

At the same time that some communities are facing the challenges of limited economic opportunities, others are being overwhelmed by their rapid growth. Although "boom and

⁶ <http://www.chamber.ca/cmslib/general/CLC082005.pdf>

bust” cycles are a familiar component of western economies, demands such as increased infrastructure mean that communities with a small tax base must develop strategies to manage expansion so that it can be sustained over the long run.

WD’s Community Economic Development strategic outcome involves economic development, diversification and collaboration activities that allow communities to build and sustain their economies as well as adjust to changing and often very challenging economic circumstances. It includes facilitating economic recovery from depressed economic circumstances and working collaboratively with members of the Western Canada Business Service Network to carry out Aboriginal economic development and other community economic development initiatives.

A fundamental tool for WD’s involvement in rural community economic development is the network of 90 Community Futures Development Corporations (CFDCs) across the West. These community-based organizations assist their communities to plan and implement strategies aimed at developing and diversifying their economies. For example, as part of the \$200M federal Mountain Pine Beetle Program, WD, with the help of CFDCs from impacted regions, will deliver over \$33M in project funding through the Community Economic Diversification Initiative to help diversify local economies in communities affected by the mountain pine beetle infestation. This program is scheduled to run until March 2009.

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

Program Activity:

2.1 Community Economic Planning, Development and Adjustment

	2008–2009	2009–2010	2010–2011
Financial Resources (\$ thousands)	\$112,737	\$73,325	\$44,445
Human Resources (FTEs)	106	97	87

This program activity contributes to the following department priorities:

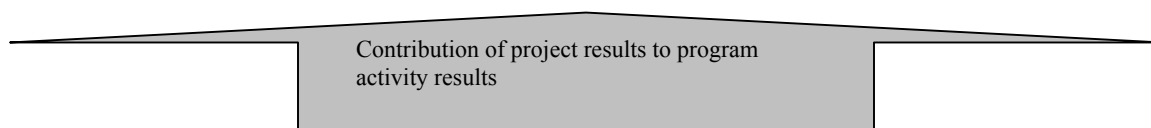
- Rural Diversification

WD addresses the needs of communities by assisting them to collaborate with regional partners to identify economic development opportunities and by supporting projects that

attract investment, diversify communities and promote value-added processing. The department will also work to improve collaboration and coordination of activities among regional economic development organizations which provide services and funds to support business and economic development, and improve accountability and reporting of results. Building on its knowledge of the western Canadian economy and its networks and contacts with key government, business, community and academic leaders in the West, WD is well positioned to play an important role in identifying weaknesses or gaps that impede economic growth, and coordinating activities within the region and the federal government to address western Canadian priorities.

The department will promote rural diversification through support for projects that will increase the capacity in rural communities to undertake value-added processing and encourage new opportunities for skilled employment. WD will also continue to support projects that enhance Aboriginal participation in the economy. For example, the department will continue to support Aboriginal apprenticeship training initiatives by supplementing existing training resources available from provincial and federal sources with WD funding that is directed at attracting and linking potential employers and students and improving the chances for success for Aboriginal students.

Community Economic Planning, Development and Adjustment
Expected Results: Communities have increased economic opportunities and capacity to respond to challenges
Program Activity Performance Indicators: <ul style="list-style-type: none"> • Employment: number of new jobs created (thousands) • Net migration rate – international and domestic
Performance Measurement Strategy: Analysis of Data from Statistics Canada supplemented by contributions of individual project results



Program Sub-activity:	Performance Indicators:
<i>Community Planning</i>	<ul style="list-style-type: none"> • # activities providing planning leadership and expertise • # instances facilitating community involvement • # partnerships developed/maintained
<i>Community Development</i>	<ul style="list-style-type: none"> • # instances of increased capacity in community organizations • # enhanced community services or facilities • # people trained
<i>Community Economic Adjustment</i>	<ul style="list-style-type: none"> • # public-private partnerships • # businesses created/maintained/expanded • # participants trained

The following table illustrates the **key** transfer payment programs authorities the department utilizes to support the expected results of this program activity:

Key Transfer Payment Programs Authorities*	Financial Resources (000's)		
	2008–2009	2009–2010	2010–2011
Western Diversification Program	84,500	47,576	20,846
Community Futures Program	13,948	14,219	12,804

* Appendix B provides a description of key transfer payment programs authorities. Included under WDP are the mountain pine beetle infestation initiatives (Community Economic Diversification totalling \$23.4M and Airport Improvements totalling \$14.3M) and \$28.9M related to the Alberta and Saskatchewan Centenaries.

Program Activity:

2.2 Infrastructure

	2008–2009	2009–2010	2010–2011
Financial Resources* (\$ thousands)	\$10,784	\$3,025	\$930
Human Resources (FTEs)	16	15	7

* WD delivers the Municipal Rural Infrastructure Fund and Canada Strategic Infrastructure Fund on behalf of Infrastructure Canada and O&M funding for both of these funds is included in WD's resource allocations from 2008–2010. G&C resource allocations for MRIF and CSIF are included in the RPP of Infrastructure Canada.

It is expected that WD will deliver the Communities Component of the Building Canada Fund (BCF) on behalf of Infrastructure Canada and O&M funding for this fund will be transferred to WD's resource allocations in 2008. G&C resource allocations for BCF-CC are included in the RPP of Infrastructure Canada.

In 2008–2009, WD will be involved in the delivery of infrastructure programming under four infrastructure transfer payment initiatives in collaboration with Infrastructure Canada.

The **Infrastructure Canada Program (ICP)** was created in 2000 to enhance infrastructure in Canada's urban and rural communities and to improve quality of life through investments that protect the environment and support long-term community and economic growth. The deadline for receipt of funding requests under the program was June 2005; however, the program has now been extended until March 31, 2011, to allow for all projects to be completed.

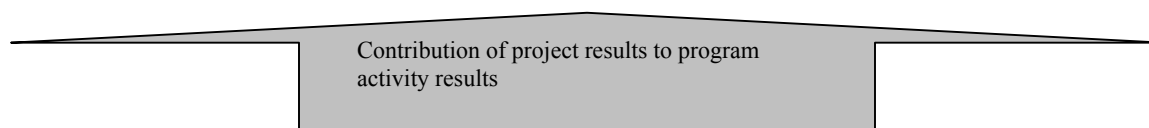
With a primary focus on communities with less than 250,000 people, the **Municipal Rural Infrastructure Fund** (MRIF) improves and increases the stock of core public infrastructure in areas such as water, wastewater, solid waste management, public transportation, cultural, recreation, tourism and connectivity.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

The \$8.8B **Building Canada Fund** (BCF) is part of the Building Canada Plan. It is expected that WD will administer the Communities Component of the BCF in Western Canada in collaboration with Infrastructure Canada. The floor budget for the BCF Communities Component of the BCF in Western Canada is \$278M, which is equivalent to the funding allocated under MRIF.

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

- administration of the ICP and the program's sunset by March 31, 2011;
- continued delivery of MRIF (\$276.5M), in the West;
- administration of approved CSIF projects including: the Winnipeg Red River Floodway (\$332.5M), Winnipeg Wastewater Treatment System (\$42M), Saskatoon South Downtown Redevelopment (\$13.7M), Saskatchewan's Regional Rural Water Supply Systems (\$27.3M), Regina's Urban Revitalization projects (\$14M), and Vancouver's Convention and Exhibition Centre (\$222.5M);
- development of a Memorandum of Understanding with Infrastructure Canada for the delivery of the BCF;
- development and implementation of delivery mechanisms for the BCF.

Infrastructure
Expected Results: To maximize economic, social, cultural and environmental benefits to western Canadians through investments in public infrastructure in a coordinated manner with provincial and municipal governments
Program Activity Performance Indicators: <ul style="list-style-type: none"> • Percentage of key informants with the opinion that WD delivery of Infrastructure programs results in investments that reflect western Canadian infrastructure priorities. • Dollar value of federal infrastructure projects funded per fiscal year • Dollars leveraged in addition to federal dollars for projects funded per fiscal year
Performance Measurement Strategy: Survey/evaluation, data from the WD database, supplemented by contributions of individual project results



Program Sub-activity:	Performance Indicators:
<i>Green Infrastructure</i>	<ul style="list-style-type: none"> • Increase in # of households with improved water quality • Increase in # households with improved wastewater treatment (includes new connections to wastewater systems) • Increase in volume of solid waste diverted through recycling and composting.
<i>Local Transportation Infrastructure</i>	<ul style="list-style-type: none"> • Number of road and local transportation infrastructure improvements • Increase in public transit usage
<i>Other Infrastructure Priorities</i>	<ul style="list-style-type: none"> • # visits to cultural and recreation facilities • # new tourism infrastructure • # rural and remote Canadians served

The following table illustrates the **key** transfer payment program authorities the department utilizes to support the expected results of this program activity:

Key Transfer Payment Program Authorities*	Financial Resources (000's)		
	2008–2009	2009–2010	2010–2011
Infrastructure Canada Program	8,700	1,500	0

* Appendix B provides a description of key transfer payment programs authorities.

Policy, Advocacy and Coordination

Strategic Outcome:

3 Policies and programs that support the development of Western Canada

Strategic Outcome Performance Indicators:

- Percentage of key informants with the opinion that WD activities provide policies and programs that support the economic development of Western Canada
- Dollars of project funding (Dollars of WD project funding plus dollars leveraged)
- Percentage of completed projects that met or exceeded performance expectations

Performance Measurement Strategy: Survey/evaluation and data in WD database

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

The department acts as a champion and advocate for federal and intergovernmental collaboration to address key impediments to long-term growth and diversification and promote coordination in areas of federal or shared federal-provincial jurisdiction.

To achieve this Strategic Outcome, the department undertakes three distinct, but interrelated program activities:

1. WD engages in **collaboration and coordination** activities and projects that bring people, communities, ideas and resources together. The department's efforts emphasize partnerships, collaboration and strategic investments to link western Canadians' views with national policies, priorities and programs. WD also shares ideas and best practices with other Regional Development Agencies to enhance overall efficiency in federal programming.
2. WD's **advocacy** work is intended to achieve specific outcomes for Western Canada. While this work can flow out of the department's collaboration and coordination activities, advocacy efforts are also undertaken independently to undertake or to influence initiatives that generate benefits for the West.
3. **Research and analysis** is often required to understand the regional development issues facing Western Canada and to guide the department's advocacy and policy-making efforts. This in-depth policy and economic research and analysis is undertaken and coordinated in collaboration with other public and private stakeholders. In addition to facilitating dialogue and increasing the understanding of western Canadian challenges, opportunities and priorities, this research provides the foundation needed to develop relevant policies and programs.

WD faces many demands with respect to its priorities; through collaboration and consultation with key partners and stakeholders the department minimizes the risk that research, analysis and advocacy efforts will be misdirected. In addition, diverse interests within Western Canada can make it difficult to discern a clear and common “western” perspective. This risk is managed by both championing regional and community diversity, and by identifying key pan-western policies, programs and initiatives that benefit the West as a whole.

Program Activity:

3.1 Collaboration and Coordination

	2008–2009	2009–2010	2010–2011
Financial Resources (\$ thousands)	\$5,866	\$5,866	\$5,866
Human Resources (FTEs)	39	39	39

This program activity contributes to the following department priorities:

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

WD takes a leadership and coordinating role both in identifying economic challenges and opportunities for the West and in developing a federal response either through the investment of its own resources or by collaborating with other appropriate federal departments and agencies.

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

Specific examples of WD’s collaboration and coordination activities in 2008–2009 will include:

- working in partnership with the four provincial governments in Western Canada and advocating for the inclusion of federal priorities in the Western Economic Partnership Agreements and other joint federal-provincial arrangements; and
- establishing and participating in western-based consultation forums such as the federal-provincial Deputy Ministers' Economic Development forum, Senior

Western Innovation Officials forum, and the Federal Councils in each western province.

Collaboration and Coordination
Expected Results: Better coordinated economic development activities, policies and programs in the West
Program Activity Performance Indicators: <ul style="list-style-type: none"> • Percentage of key informants with the opinion that WD activities provide better coordinated economic activities, policies and programs in the West • Dollars leveraged for projects funded per fiscal year from all WD programs (dollars leveraged per WD dollars) • Dollar value of project funding provided under interdepartmental agreements to which WD was a party
Performance Measurement Strategy: Survey/evaluation, data from the WD database, supplemented by contributions of individual project results

Program Activity:

3.2 *Advocacy*

	2008–2009	2009–2010	2010–2011
Financial Resources (\$ thousands)	\$2,683	\$2,684	\$2,684
Human Resources (FTEs)	20	20	20

This program activity contributes to the following department priorities:

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

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

Specific examples of WD's advocacy efforts include:

- intervening in and providing western perspectives and input into submissions to Cabinet based on an assessment of western-oriented items on the Cabinet Agenda;

- working on behalf of western Canadian firms and industries seeking to access government programs such as major Crown projects, granting council funding, Canada Foundation for Innovation initiatives, and funding offered by other federal departments and agencies;
- advocating in support of specific regional projects or issues; and
- engaging western Canadian stakeholders in the development and implementation of national priorities and explaining federal policies and programs to western provincial governments, communities and citizens.

In 2008–2009, the department will refine its Advocacy Strategy and implement an Advocacy Agenda focused on the highest priority advocacy items. For 2008–2009, WD's advocacy activities will focus on ensuring that:

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

Advocacy
Expected Results: Decisions by other organizations that improve economic policies and programs in the West
Program Activity Performance Indicators: <ul style="list-style-type: none"> • Percentage of key informants with the opinion that WD activities provide an improved understanding and awareness of western issues, challenges, opportunities and priorities • Percentage of key informants with the opinion that WD advocacy work results in federal policies and programs that reflect western Canadian needs • Increased awareness and participation in regional benefits for Western Canadian business
Performance Measurement Strategy: Survey/evaluation

Program Activity:

3.3 *Research and Analysis*

	2008–2009	2009–2010	2010–2011
Financial Resources (\$ thousands)	\$4,160	\$4,160	\$4,160
Human Resources (FTEs)	27	27	27

This program activity contributes to the following department priorities:

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

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

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

Research priorities for 2008–2009 include:

- an analysis of the potential output of the western provinces and an assessment of their competitiveness by benchmarking key indicators against comparator regions;
- research to further our understanding of the role of diversification in supporting economic prosperity;
- analysis of western challenges, opportunities and factors affecting regional prosperity, regional trade and investment patterns;
- development of a clear, coordinated public policy plan that helps position Western Canada for long-term success in the global economy; and
- research to support policy development in national or international forums such as factors contributing to competitiveness.

Research and Analysis
Expected Results: Improved understanding of western Canadian economic issues, challenges, opportunities and priorities
Program Activity Performance Indicators: <ul style="list-style-type: none"> • Percentage of key informants with the opinion that WD research and analysis contributes to an improved understanding and awareness of western Canadian issues, challenges, opportunities and priorities • Number of spokesperson and media references to WD economic research and analysis
Performance Measurement Strategy: Survey/evaluation, data from the WD database, supplemented by contributions of individual project results

The following table illustrates the **key** transfer payment program authorities the department utilizes to support the expected results of this program activity:

Key Transfer Payment Program Authorities*	Financial Resources (000's)		
	2008–2009	2009–2010	2010–2011
Western Diversification Program	578	578	578

* Appendix B provides a description of key transfer payment programs authorities.

SECTION III—SUPPLEMENTARY INFORMATION

Table 1: Departmental Links to the Government of Canada Outcomes

	Expected Results	Planned Spending (000's)			Alignment to Government of Canada Outcome Area
		2008–2009	2009–2010	2010–2011	
Strategic Outcome:	A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system (Entrepreneurship and Innovation)				
Program Activity: Business Development and Entrepreneurship	Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace	58,190	54,375	44,503	Strong Economic Growth
Program Activity: Innovation	An increase in knowledge-driven and value added economic activities	87,226	70,893	51,135	An innovative and Knowledge-based Economy
Strategic Outcome:	Economically viable communities in Western Canada with a high quality of life (Community Economic Development)				
Program Activity: Community Economic Planning, Development and Adjustment	Communities have increased economic opportunities and capacity to respond to challenges	112,737	73,325	44,445	Strong Economic Growth
Program Activity: Infrastructure	To maximize economic, social, cultural and environmental benefits to western Canadians through investments in public infrastructure in a coordinated manner with provincial and municipal governments	10,784	3,025	930	Strong Economic Growth
Strategic Outcome:	Policies and programs that support the development of Western Canada (Policy, Advocacy and Coordination)				
Program Activity: Collaboration and Coordination	Better coordinated economic development activities and programs in the West	5,866	5,866	5,866	Strong Economic Growth
Program Activity: Advocacy	Decisions by other organizations that improve economic policies and programs in the West	2,683	2,684	2,684	Strong Economic Growth
Program Activity: Research and Analysis	Improved understanding of western Canadian economic issues, challenges, opportunities and priorities	4,160	4,160	4,160	Strong Economic Growth
Total Planned Spending		281,646	214,328	153,723	

Contribution of Program Activity to Government of Canada Outcome Areas

Business Development and Entrepreneurship – contributes to the **Strong Economic Growth** of Canada. For example, through WD’s support for the more than 100 offices of the Western Canada Business Service Network, SMEs in Western Canada are able to access capital, business information and advice, training, networking and mentoring. These services contribute to the growth of SMEs in the West, helping them to become more export-ready, more competitive, and more productive.

Innovation – contributes to an **Innovative and Knowledge-based Economy** in Canada. WD is working to strengthen Western Canada’s innovation system. A highly developed innovation system includes: universities, research facilities, industry, government labs, and other knowledge infrastructure. This knowledge infrastructure is key in developing new technologies and a skilled workforce along with encouraging early stage venture capital financing that helps bring technologies to markets. WD will continue to help strengthen and work with industry associations that link the players in the innovation system (i.e. firms capable of developing and adopting new technologies that are connected to local and global markets) thereby supporting a business environment that fosters innovation. WD’s assistance is directed to fill gaps in the western Canadian innovation system.

Community Economic Planning, Development and Adjustment – contributes to the **Strong Economic Growth** of Canada. WD addresses the needs of communities by assisting them to collaborate with regional partners to identify economic development opportunities and by supporting projects that attract investment, promote rural diversification, and value-added processing. Building on its knowledge of the western Canadian economy and its contacts with key government, business, community and academic leaders in the West, the department also delivers national programming such as the federal Mountain Pine Beetle Program to assist impacted communities in diversifying their economies.

Infrastructure – contributes to the **Strong Economic Growth** of Canada. In the West, WD delivers select Canada Strategic Infrastructure Fund projects, which supports large-scale infrastructure projects, the Municipal Rural Infrastructure Fund, which supports smaller scale municipal infrastructure projects, and the Infrastructure Canada Program, which was created in 2000 to enhance infrastructure in Canada’s urban and rural communities and to improve quality of life through investments that protect the environment, and support long-term community and economic growth.

Collaboration and Coordination – contributes to the **Strong Economic Growth** of Canada. WD takes a leadership and coordinating role both in identifying economic challenges and opportunities for the West and in developing a federal response either through the investment of its own resources or by collaborating with other appropriate federal departments and agencies. For example, WD’s Western Economic Partnership Agreements are long-standing federal-provincial agreements in each of the four western provinces that focus on mutual priorities.

Advocacy – contributes to the **Strong Economic Growth** of Canada. Specific examples of WD's advocacy efforts include:

- intervening in and providing western perspectives and input into submissions to Cabinet based on an assessment of western-oriented items on the Cabinet Agenda;
- working on behalf of western Canadian firms and industries seeking to access government programs such as major Crown projects, granting council funding, Canada Foundation for Innovation initiatives, and funding offered by other federal departments and agencies;
- advocating in support of specific regional projects or issues; and
- engaging western Canadian stakeholders in the development and implementation of national priorities and explaining federal policies and programs to western provincial governments, communities and citizens.

Research and Analysis – contributes to the **Strong Economic Growth** of Canada. WD supports research, consultations, feasibility studies and other related activities to improve understanding of the western Canadian economy. The department also undertakes research and analysis related to specific economic challenges and opportunities in the West. These activities inform the department's policy development activities, support project development and identify immediate or pending issues on which WD will need to consider an advocacy role. Many of WD's policy research activities and outputs foster increased regional collaboration among economic development stakeholders in Western Canada and the development of pan-western perspectives and approaches to policy issues.

Table 2: Sustainable Development Strategy

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

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

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

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

SDS Departmental Goal: Innovation Towards Sustainable Development		
Federal SD Goal including Greening of Government Operation goals*	Performance Measure from current SDS	Department’s Expected Results for 2008–2009
<ul style="list-style-type: none"> ▪ People use water efficiently ▪ Canada’s clean air solutions support long-term competitiveness ▪ Develop and deploy longer term solutions to address climate change ▪ Mitigate and reduce emissions that contribute to climate change ▪ Encourage vibrant, competitive local economies 	<ul style="list-style-type: none"> ▪ Number of approved projects ▪ Dollars committed to projects ▪ Total dollars leveraged 	Development, commercialization, adoption and/or adaptation of environmental technologies and processes
No related Federal SD Goal	<ul style="list-style-type: none"> ▪ Number of approved projects ▪ Dollars committed to projects ▪ Total dollars leveraged 	Capacity building, market development and development of management capacity in the environmental sector
<ul style="list-style-type: none"> ▪ Conserve and protect aquatic ecosystems (marine and freshwater) and biodiversity ▪ Increase resilience to a changing climate ▪ Develop and deploy longer term solutions to address climate change 	<ul style="list-style-type: none"> ▪ Number of approved projects ▪ Dollars committed to projects 	Expanded understanding of the impact of environmental issues on Western Canada through research
SDS Departmental Goal: Greening of WD Operations		
Federal SD Goal including Greening of Government Operation goals*	Performance Measure from current SDS	Department’s Expected Results for 2008–2009
Organizational structures and processes support meaningful and significant sustainable development objectives	Executive committee briefed semi-annually about the implementation of SDS IV	Senior management is engaged and supported by corporate SD team
	<ul style="list-style-type: none"> ▪ Number of initiatives that incorporate SD tracking ▪ SD is integrated into Departmental Performance Report (DPR), RPP and regional business plans 	SD planning, tracking and reporting systems incorporated into new and existing initiatives

	Number of SEAs completed	Strategic Environmental Assessment (SEA) management system is implemented to ensure early, full and meaningful implementation of the Cabinet Directive
	<ul style="list-style-type: none"> ▪ Maintain intranet website on greening ▪ Regular greening tips to staff 	Internal communication on SD
	Number of contracts with green clauses	Greening clauses are incorporated in departmental goods and services contracts where appropriate
	Per cent of green office supplies purchased	Purchase green office supplies
	Per cent of green purchases or leases for office equipment	Purchase or lease green office equipment
	Number of staff attending training	SD and green training provided to officers
	Participate in paper, battery, and other recycling programs	Working with facilities management on recycling programs
SDS Departmental Goal: External Greening		
Federal SD Goal including Greening of Government Operation goals*	Performance Measure from current SDS	Department's Expected Results for 2008–2009
No related Federal SD Goal	<ul style="list-style-type: none"> ▪ Per cent of federal SD-related \$s distributed in Western Canada ▪ Number of applications from Western Canada for federal SD-related programs 	Work with other federal departments and partners to ensure access by western stakeholders to federal SD-related programs
	Number of partners and/or stakeholders recognized	SD excellence in Western Canada recognized
	<ul style="list-style-type: none"> ▪ Number of SD communications ▪ Number of WD outreach activities at SD-related events 	Partners provided with information on SD concepts and best practices

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

List of Special Tables Available Electronically

For further information on these tables see http://www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp.

A. Details on Transfer Payments Programs

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

1. Western Diversification Program
2. Community Futures Program

3. Infrastructure Canada Program

B. Evaluations

The table provides a listing of planned evaluations over the next three years.

C. Foundations (Conditional Grants)

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

1. Grant to the Friends of the Canadian Museum for Human Rights Inc.
2. Grant to Primrose Lake Air Weapons Range
3. Grant to Prince Rupert Port Authority

D. Horizontal Initiatives

Over the next year, Western Economic Diversification Canada will be involved in the following horizontal initiatives as either the lead or the partner:

1. Western Economic Partnership Agreements (lead)
2. Infrastructure Canada Program (partner)
3. Canada Strategic Infrastructure Fund (partner)
4. Municipal Rural Infrastructure Fund (partner)

E. Green Procurement

The table provides details on Western Economic Diversification green procurement plans.

F. Internal Audits

The table provides a listing of planned internal audits over the next three years.

G. Services Received Without Charge

The table provides information on services received without charge by a department.

H. Sources of Non-Respendable Revenue

The table identified the source(s) of non-respendable revenue that will be credited to the Consolidated Revenue Fund.

I. User Fees

The table provides details on WD's user fees.

SECTION IV—OTHER ITEMS OF INTEREST

1.0 Corporate Risk Profile

WD's Executive Committee was instrumental in the development of the Strategic Risk Assessment for the department and approved a comprehensive Corporate Risk Profile (CRP) in December 2006. The CRP key risks are addressed through mitigation action plans, which include assigned accountabilities for these mitigation strategies. They were developed in line with the department's mandate and three Strategic Outcomes and are monitored at all levels within the organization. The department identified eight key risks as important to manage in the coming year(s). These eight key risks are included in Appendix C. Each year, and more often as required, the department will refresh its assessment of key risks, and adjust its plans and responses (management strategies) accordingly.

The Corporate Business Plan, the Regional Business Plans, and in turn, the RPP respond to the risks identified. At a more detailed level, each plan is similarly and consistently framed against the Program Activity Architecture and the risk management strategy.

2.0 Risk Analyses and Mitigation – Strategic Outcomes

The planning for delivery of WD's Strategic Outcomes includes risk consideration and analysis, and the development of strategies for mitigation of identified risks. A discussion of those risks and how WD plans to manage them is included here.

Policy, Advocacy and Coordination

The risks that might impact WD's outcomes, and ways these risks are managed, include:

- Diverse interests within Western Canada can make it difficult to discern a clear and common “western” perspective. This challenge is managed by both championing regional and community diversity (in our regional structure, plans, and flexibility), and by identifying key pan-western policies, programs and initiatives that benefit the West as a whole. Our priorities focus on areas of shared interest and opportunity, and working collaboratively with our partners and public sector counterparts.
- WD has an opportunity to align western Canadian interests on business productivity, diversification and technology commercialization, particularly with recent provincial initiatives and the federal *Science and Technology Strategy*. To not do so poses a risk of lost opportunity, with a cost to the diversification agenda. The department will drive further collaboration and opportunity through its outreach efforts, advocacy strategy, and collaboration.

Community Economic Development

The risks that might impact WD's outcomes, and ways these risks are managed, include:

- Communities will thrive if they are able to respond to a changing economy and demographic realities. The risk that communities do not have the capacity to do so, is a focus for WD. Therefore, the department has programs and services aimed at building capacity and helping communities take advantage of diversification and development opportunities. Our priorities focus on infrastructure, investments in key trade corridors, and diversification initiatives that drive new economic opportunities.
- There are also risks to achieving economically viable communities associated with demographic trends (e.g., labour shortages) and unforeseen economic challenges (e.g., mountain pine beetle, flooding, or industry adjustments). The department will work with other public and private sector interests to help communities respond to these challenges, and focus on improved productivity, targeted supports and investments, and community adjustment initiatives.

Entrepreneurship and Innovation

The risks that might impact WD's outcomes, and ways these risks are managed, include:

- One of the department's more challenging risks in this outcome area is associated with the need to improve the technology commercialization success in Western Canada. Knowledge-based research and development is critical to the new economy, and there is significant opportunity in key sectors to improve performance, and, in turn, Canada's economic performance in the global economy. *Advantage Canada* articulates clear direction in this area, and the department aligns itself with this agenda.
- The dominance of the energy and resources sectors in Western Canada is both a risk and strength for the economy. Capital investment in the dominant industry is strong, but it has implications for access to capital in emerging sectors. WD has made increasing access to capital a priority as a means to achieve a competitive and expanded business sector.
- Western Canada is also a relatively small market, with strong trade interests and appetites. This means the economy is at risk due to fluctuations in the global trading and investment environment, but similarly at risk if strong trade ties are not pursued by our emerging businesses. WD focuses on improving trade corridors, diversifying markets for business, and helping SMEs and industries to compete in the global economy.
- A major risk to the western Canadian and national economy is one associated with a relative lack of competitiveness and productivity. Without advances in

this area, the long-term strength and sustainability of the economy is at risk. WD has made investments that improve productivity and competitiveness to help ensure this risk is managed.

Appendix A – WD’s Commitment to Official Languages

Through the use of partnerships and opportunities to expand on current community and economic development initiatives, WD commits to four key activities in its Action Plan (2004–2008) for the Implementation of Section 41 of the *Official Languages Act*:

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

The Action Plan looks to enhance the department's Strategic Outcomes within the activities of the western Official Language Minority Communities (OLMCs). Further information on the Action Plan can be obtained at:

http://www.wd.gc.ca/7106_ENG_ASP.asp.

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

During 2008–2009, WD will work with FEDOs and other members of the Western Canada Business Service Network (WCBSN) to strengthen the collaborative relationship to better serve the needs of francophone entrepreneurs and western OLMCs.

Through the FEDOs, WD will continue to support economic development of bilingual communities in Western Canada. A key project will be the "Corridor touristique Francophone de l'Ouest" (CTFO) initiative. This pan-west project will promote Western Canada's bilingual tourism industry and will contribute to the creation of economic development opportunities for OLMCs in Western Canada by tapping into the economic potential of the French language and culture in the region along with capitalizing on the international attention resulting from the Vancouver 2010 Winter Olympic Games.

In 2003, the Federal Government announced a five-year Action Plan on Official Languages that highlighted the importance of linguistic duality as part of the Canadian cultural identity and provided investments in education, community development and the public service. A new strategy with regard to the Federal Government’s role in Official Languages is under development for the five-year period post March 31, 2008.

WD Section 41 Action Plan (2009–2012)

WD's Strategic Framework places precise emphasis on a mandate of economic development and diversification. Thus, the next WD Section 41 Action Plan (2009–2012) will be developed taking into consideration the following:

- pursuing activities and investments that support economic and business activities that have clear economic benefits for Western Canada; and
- placing greater emphasis on promoting pan-western/multi-regional and systemic activities that would benefit the western Canadian economy and industry/business sectors as a whole.

WD will engage representatives from the western OLMCs to identify project initiatives and opportunities within this framework; it is anticipated that the departmental Action Plan for the 2009–2012 period will include the following key tenets:

- continuing to work with western OLMCs to contribute to their economic development and diversification, and in coordination with other federal institutions that have an economic development mandate;
- developing and implementing an integrated OL Framework, including a “francophone lens” which will examine the potential impact of proposed and existing programs and projects on OLMCs to respond to opportunities and obligations under both the OLA and the Federal Action Plan;
- funding of initiatives and activities with OLMCs that respond to WD's economic diversification priorities.

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

Appendix B – Description of Key Transfer Payment Program Authorities

The following are the key transfer payment program authorities which allow WD to make grants and contributions payments to eligible recipients in order to implement its Program Activities and achieve its Strategic Outcomes:

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

Community Futures Program (CF) – this national program authority is designed to provide funding for a network of Community Futures Development Corporations (CFDCs) across Canada with WD as the delivery department for the West. CFDCs are volunteer-led, non-profit organizations that lead strategic economic planning, and provide advice and commercial loans to local entrepreneurs, who foster economic development. The CF program contributes to the expected results under two Program Activities, *Community Economic Planning, Development and Adjustment*, and *Business Development and Entrepreneurship*. The program also contributes to two of WD’s Strategic Outcomes, *Economically viable communities in Western Canada with a high quality of life*, and *A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system*.

Loan and Investment Program (LI Program) – allows financial institutions to supply loan capital to clients to whom it would not otherwise make loans. Under this program authority, WD contributes funds to a loan loss reserve, which partly offsets higher risks associated with eligible loans to small businesses. Eligible clients apply directly to the financial institutions partnered with WD under this program. Projects funded under this program authority contribute to the *Business Development and Entrepreneurship* Program Activity. Results of LI Program projects contribute to the Strategic Outcome of *A competitive and expanded business sector in Western Canada and a strengthened western Canadian innovation system*.

Infrastructure Canada Program – was launched in 2000 in partnership with provincial, territorial and local governments, First Nations and the private sector. The Infrastructure Canada Program (ICP) has been helping to renew and build infrastructure in rural and urban municipalities across Canada. Other than for First Nations communities, WD delivers the program in the West on behalf of Infrastructure Canada. Although no new applications are being accepted, program funds are still being disbursed. Results of Infrastructure Canada projects contribute to the *Infrastructure* Program Activity and the Strategic Outcome of *Economically viable communities in Western Canada with a high quality of life*. Information on program authorities for infrastructure-related activities (i.e, ICP, MRIF, CSIF) can be found in Infrastructure Canada’s RPP.

Information on these and other WD transfer payment program authorities is available at:
http://www.wd.gc.ca/16_ENG_ASP.asp.

Appendix C – Corporate Risk Profile Key Risks Action Plan

Strategic Outcomes	Policy, Advocacy, Coordination	Community Economic Development	Entrepreneurship and Innovation
	Policies and programs that support the development of Western Canada	Economically viable communities in Western Canada with a high quality of life	A competitive expanded business sector in Western Canada and a strengthened western Canadian innovation system
Key Risks	Alignment with Strategic Outcomes – Key risk mitigation strategies		
<p>Risk #1 <i>Challenges in demonstrating results given measurement issues (capacity and ability to measure project results, attribution, lack of service standards</i></p>	<ul style="list-style-type: none"> Ensure that WD’s financial and project management system will provide relevant information on the value of project funding (including both WD funding and funding leveraged from other project partners). Ongoing monitoring and reporting process on the percentage of projects that successfully met performance targets. 	<ul style="list-style-type: none"> Ensure that WD’s financial and project management system will provide relevant information on Disposable income per capita; labour productivity growth and educational attainment. On-going refinement of performance measurement criteria for initiatives supporting Community Economic Development initiatives. 	<ul style="list-style-type: none"> Ensure that WD’s financial and project management system will provide relevant information on Real Gross Domestic Product (GDP growth); International trade (value of exports, excluding primary production sectors and R & D intensity), gross Domestic Expenditures on R&D as a percentage of GDP Performance Measurement criteria in place for Research and Development, business clusters and commercialization of new products, technologies and services in sectors such as ICT/Wireless, biotechnology, nanotechnology and light synchrotron initiatives. Continue work with WCBSN members to improve performance data capture and accuracy. Increase regional challenge of questionable data.
<p>Risk #2 <i>Many demands with respect to priorities – Organizational structure/capacity to meet the emerging</i></p>	<ul style="list-style-type: none"> Focus efforts on departmental priorities identified in Corporate Business Plan. Limited resources require WD to focus efforts on key policies, programs and initiatives that will support the development of western Canada. 	<ul style="list-style-type: none"> Focus efforts on departmental priorities identified in Corporate Business Plan. Focused attention to support communities with programs and services aimed at building capacity in the area of: infrastructure, investments 	<ul style="list-style-type: none"> Focus efforts on departmental priorities identified in Corporate Business Plan. Focused attention on rural diversification projects to increase capacity of rural areas across Western Canada.

Strategic Outcomes	Policy, Advocacy, Coordination	Community Economic Development	Entrepreneurship and Innovation
	Policies and programs that support the development of Western Canada	Economically viable communities in Western Canada with a high quality of life	A competitive expanded business sector in Western Canada and a strengthened western Canadian innovation system
Key Risks	Alignment with Strategic Outcomes – Key risk mitigation strategies		
<i>accountability and management agenda requirements</i>	<ul style="list-style-type: none"> Ensure adequate resources and skill sets are in place to support activities such as research, conferences, consultation and feasibility studies to support the western Canadian Economy and focus on specific economic challenges and opportunities in the West. 	<ul style="list-style-type: none"> in key trade corridors and diversification initiatives that will drive economic opportunities. Ensure WD staff capacity to work with communities and conduct environmental assessments thru recruitment and training. 	<ul style="list-style-type: none"> Pursue initiatives that improve SME access to capital. Support targeted projects that help industry to address access to skills and labour issues in Western Canada. Ensure WD staff capacity is in place to support economic growth and diversification initiatives including trade and investment activities thru recruitment and training.
<i>Risk #3 Compliance with commitments to governing authorities and in TB submissions</i>	<ul style="list-style-type: none"> A rigorous departmental audit and evaluation plan to monitor and ensure compliance with governing policies to support Policy, Advocacy and Coordination initiatives. On-going training on Transfer Payment policy, writing of TB submissions to support compliance in Policy, Advocacy and Coordination. 	<ul style="list-style-type: none"> A rigorous departmental audit and evaluation plan to monitor and ensure compliance with governing policies to support community Economic Development initiatives. On-going training on Transfer Payment policy, writing of TB submissions to support compliance in Community Economic Development. 	<ul style="list-style-type: none"> A rigorous departmental audit and evaluation plan to monitor and ensure compliance with governing policies to support Entrepreneurship and Innovation initiatives. On-going training on Transfer Payment policy, writing of TB submissions to support compliance in Entrepreneurship and Innovation.
<i>Risk #4 Reliance on partnerships and not for profits – client service</i>	<ul style="list-style-type: none"> Establish good relations to work collaboratively with our partners and public sector counterparts. Support and promote a horizontal network of Federal and Provincial departments to address and support long-term growth and diversification and promote coordination in areas of federal or shared federal provincial jurisdictions. 	<ul style="list-style-type: none"> Develop a more coordinated, integrated and collaborative strategy to address community economic development issues in regions. This will include working with WCBSN members to improve accountability, performance and collaboration of community economic development initiatives. Work with provinces and communities to manage MRIF projects and other 	<ul style="list-style-type: none"> Help entrepreneurs grow and expand their businesses by supporting specific sector initiatives as well as through the Western Canada Business Service Network (WCBSN). As part of this strategy, strengthen the accountability, transparency and performance of the WCBSN.

Strategic Outcomes	Policy, Advocacy, Coordination	Community Economic Development	Entrepreneurship and Innovation
	Policies and programs that support the development of Western Canada	Economically viable communities in Western Canada with a high quality of life	A competitive expanded business sector in Western Canada and a strengthened western Canadian innovation system
Key Risks	Alignment with Strategic Outcomes – Key risk mitigation strategies		
		existing infrastructure commitments, with a particular focus on encouraging better linkages between infrastructure and economic development.	
Risk #5 <i>Appropriateness of spending aligned with Report on Plans and Priorities</i>	<ul style="list-style-type: none"> Enhance Corporate and Regional Business Planning to incorporate more robust Strategic Outcome and PAA based financial and program planning and reporting. 	<ul style="list-style-type: none"> Enhance Corporate and Regional Business Planning to incorporate more robust Strategic Outcome and PAA based financial and program planning and reporting. 	<ul style="list-style-type: none"> Enhance Corporate and Regional Business Planning to incorporate more robust Strategic Outcome and PAA based financial and program planning and reporting.
Risk #6 <i>Effectiveness of Strategic Communications (internal and external)</i>	<ul style="list-style-type: none"> Implement employee survey to gauge effectiveness of internal communications on Strategic Outcomes and priorities. Implement corporate and regional communications plans and regularly monitor activities and results at Departmental and Regional management levels. Seek and analyse key informant opinion to ensure that WD policy activities focus on key policies and programs that support the economic development of Western Canada. 	<ul style="list-style-type: none"> Implement employee survey to gauge effectiveness of internal communications on Strategic Outcomes and priorities. Implement corporate and regional communications plans and regularly monitor activities and results at Departmental and Regional management levels. Implement federal-provincial communications protocols for Infrastructure program in conjunction with Infrastructure Canada 	<ul style="list-style-type: none"> Implement employee survey to gauge effectiveness of internal communications on Strategic Outcomes and priorities. Implement corporate and regional communications plans and regularly monitor activities and results at Departmental and Regional management levels. Manage communications with WCBSN partners through a mix of individuals, regional and pan-west meetings.
Risk #7 <i>Recruitment, Retention, Succession Planning, and Training</i>	<ul style="list-style-type: none"> Implement an HR plan on recruitment, retention, succession planning and training to ensure adequate capacity and skill sets are in place for Policy, Advocacy and Coordination initiatives. 	<ul style="list-style-type: none"> Implement an HR plan on recruitment, retention, succession planning and training to ensure adequate capacity and skill sets are in place for Community Economic Development Initiatives. 	<ul style="list-style-type: none"> Implement an HR plan on recruitment, retention, succession planning and training to ensure adequate capacity and skill sets are in place for Entrepreneurship and Innovation Initiatives.
Risk #8 <i>Absence of</i>	<ul style="list-style-type: none"> On-going development of Project Gateway initiative for reporting on 	<ul style="list-style-type: none"> On-going development of Project Gateway initiative for reporting on 	<ul style="list-style-type: none"> On-going development of Project Gateway initiative for reporting on

Strategic Outcomes	Policy, Advocacy, Coordination Policies and programs that support the development of Western Canada	Community Economic Development Economically viable communities in Western Canada with a high quality of life	Entrepreneurship and Innovation A competitive expanded business sector in Western Canada and a strengthened western Canadian innovation system
Key Risks	Alignment with Strategic Outcomes – Key risk mitigation strategies		
<i>comprehensive information architecture needed for integration of systems and providing road and for future</i>	plans, expenditures and performance measurement criteria supporting Policy, Advocacy and Coordination initiatives. <ul style="list-style-type: none"> Implementation of an IT plan supporting supporting Policy, Advocacy and Coordination initiatives. 	plans, expenditures and performance measurement criteria supporting Community Economic initiatives. <ul style="list-style-type: none"> Implementation of an IT plan supporting supporting Community Economic initiatives. 	plans, expenditures and performance measurement criteria supporting Entrepreneurship and Innovation initiatives. <ul style="list-style-type: none"> Implementation of an IT plan supporting supporting Entrepreneurship and Innovation initiatives. Work with WCBSN members to enhance automated performance data collection.