

Departmental Results Report

Canada Economic Development for
Quebec Regions

2016–2017

The Honourable Navdeep Bains, P.C., M.P.

Minister of Innovation, Science and Economic
Development and Minister responsible for the Economic
Development Agency of Canada for the Regions of Quebec

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Minister's message

I am pleased to report progress made on making Canada a world-leading centre for innovation and science, helping create good, well-paying jobs, and strengthening and growing the middle class.

The work of the Innovation, Science and Economic Development Portfolio includes promoting innovation and science; supporting the commercialization of more research and ideas; providing more Canadians with the skills to participate in a global and digital economy; helping small businesses grow through innovation, access to capital and trade; promoting increased tourism in Canada; and supporting scientific research and the integration of scientific considerations in our investment and policy choices.

This year, the Portfolio organizations continued their work to deliver on the Government's Budget 2017 commitment to develop an Innovation and Skills Plan. The plan's focus on people and addressing the changing nature of the economy is a focus for the Portfolio's programs.

Implementing its renewed vision for the economic development of Quebec regions, Canada Economic Development for Quebec Regions has made a significant contribution to achieving the Portfolio's objectives by helping businesses and communities grow, innovate and export their products so they can create quality jobs and ensure the prosperity of Canadians.

It is my pleasure to present the 2016–17 Departmental Results Report for Canada Economic Development for Quebec Regions.



The Honourable Navdeep Bains
Minister of Innovation, Science and
Economic Development

Deputy Head’s message

The Departmental Results Report (DRR) for Canada Economic Development for Quebec Regions (CED) looks at how far we have come in one year and reviews progress against expected outcomes in the 2016–2017 Report on Plans and Priorities (RPP).

The reader will find that CED’s priorities are based on economic challenges facing the Quebec regions and that they are aligned with those of the Government of Canada, notably with respect to innovation, clean technology and opportunities for Indigenous peoples. CED will also actively participate in the delivery of the Government of Canada’s Innovation and Skills Plan.



In its 2016–2017 RPP, CED focused on three innovation-related priorities: supporting business expansion, innovation and exports; supporting the economic diversification and transition of communities by building on their competitive advantages; and building on CED’s culture of innovation to enhance its performance. The departmental results in this report demonstrate the efforts that have been made in this regard.

Through its programs, initiatives and field interventions, CED is the key federal player in the economic development of the Quebec regions. In May 2017, following a year-long process of consultation and engagement with experts and stakeholders from various backgrounds and from all regions, CED launched its Strategic Plan 2021, which seeks a more innovative, clean and inclusive Quebec economy.

The Plan, which has contributed to creating intervention strategies tailored to Quebec’s various regions, is based on four primary areas: innovation, clean growth, economic diversification and Indigenous peoples. CED is prioritizing and pursuing projects and interventions to implement this vision.

This report illustrates CED’s support for the government’s commitment to provide Parliament and Canadians with simplified and transparent accountability tools. The DRR has therefore replaced the Departmental Performance Report (DPR) while the RPP has been replaced with the Departmental Plan (DP). This DRR, which covers the period ending March 31, 2017, clearly and concisely lays out CED’s objectives as well as progress made over the previous fiscal year.

Manon Brassard

Deputy Minister/President of the
Economic Development Agency of
Canada for the Regions of Quebec

Results at a glance

Funds Used (Actual Spending 2016–2017)	Personnel (Full-time Equivalents [FTEs] 2016–2017)
315, 952,633	330

Key results in 2016–2017

- CED aligned itself with the Government of Canada’s priorities with its [Strategic Plan 2021: For a more innovative, clean and inclusive Quebec economy](#). It invested \$ 274.4 million in grants and contributions to support 1,254 projects in all regions of Quebec. A good number of them aimed, for example, at helping business innovate, export or increase productivity, notably by supporting the adoption of digital technologies. Several projects also focused on the development, production or adoption of clean technologies, while others sought to diversify and strengthen the entrepreneurial or industrial fabric of a devitalized community, or to foster the economic participation of Indigenous communities.
- CED reached its targets and notably accomplished the following: 1) actively took part in the Accelerated Growth Service Initiative, which provides high-potential businesses with tailored and coordinated services to facilitate and foster growth. With 28 companies recruited, DEC has surpassed its target of having 25 new clients registered as of March 31, 2017; 2) invested \$ 44 million—well above the annual target of \$ 25 million—to support ecological growth of businesses and regions; and 3) delivered phase 2 of the Canada 150 Community Infrastructure Program for Quebec, one of the measures listed in the 2016 budget. Most of the disbursements will be made in 2017–2018 given the nature of the projects, namely the rehabilitation and improvement of existing community infrastructure.
- More than 11,000 businesses and organizations, established in every region of Quebec, received financial support directly from CED or through non-profit organizations (NPOs). This financial support had a significant leverage effect: every dollar granted generated an average investment of \$3.20 from other sources, an increase over 2015–2016 (\$3.10).

For more information on the department’s plans, priorities and results achieved, see the “Results: what we achieved” section of this report.

Raison d'être, mandate and role: who we are and what we do

Raison d'être

Canada Economic Development for Quebec Regions (CED)'s mission is to “promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate”¹.

Mandate and role

CED is one of the regional development agencies (RDA) that make up the Innovation, Science and Economic Development Portfolio. Quebec communities and SMEs are at the very heart of its activities. Through the projects it funds and its networking and integration role, CED is the key federal actor in the Quebec entrepreneurial ecosystem.

Project funding

With its business development knowledge and experience, CED maintains client relations with businesses and supports them in their projects. It makes strategic investments that promote competitive regional advantages and support the transition and modernization of communities. Aiming to position Quebec businesses at the leading edge of tomorrow's economy, CED focuses on business growth, innovation, clean technologies, the growth of an inclusive economy and the participation of Indigenous peoples.

Networking

Well rooted in the regions thanks to its 12 business offices, CED builds on collaboration and creating synergies with businesses, communities, supporting organizations and other levels of government to increase the quality and impact of its programs. For example, it forms partnerships to foster a concerted action by regional economic development actors and ensures a better exchange of information between federal organizations.

CED provides a regional strategic perspective that supports national priorities and works with other departments to ensure coordination of government policies and programs. Its action has a significant impact on Quebec communities and businesses, not only through its direct investments, but also because it contributes to understanding the economic development needs of the regions.

Grants and contributions programs and initiatives in effect in 2016–2017

Main program: *Quebec Economic Development Program (QEDP)*

- Temporary and/or targeted Initiatives
 - *Economic Recovery Initiative for Lac-Mégantic*
 - *Canadian Initiative for the Economic Diversification of Communities Reliant on Chrysotile*
 - *Strategic Initiative to Combat the Spruce Budworm Outbreak in Quebec (SICSBOQ)*
 - *Extension of the Natural Gas Distribution Network Between Lévis and Sainte-Claire (Bellechasse Gas Pipeline)*
 - *Linguistic Duality Economic Development Initiative (EDI)* [Canada-wide initiative]
 - *Canada 150 Community Infrastructure Program (CIP 150)* [Canada-wide initiative]

National Program

- *Community Futures Program (CFP)*

Infrastructure Programs

- *Building Canada Fund–Quebec (BCF-Q)*

CED’s main grants and contributions program, the QEDP, came into effect on April 1, 2012. The program’s main beneficiaries are SMEs, business groups or associations and NPOs whose principal mission is to support businesses or economic development.

For more general information about the department, see the “Supplementary information” section of this report. For more information on the department’s organizational mandate letter commitments, see the [Minister’s mandate letter](#).ⁱⁱ

Operating context and key risks

Operating context

Economic context

Economic growth in Canada only picked up slightly in 2016, but strengthened in Quebec. This economic uptick—propelled by the vitality of metropolitan Montréal—can be explained in part by an increase in infrastructure investment, strong job creation and increased household spending, stimulated by a historically low unemployment rate.ⁱⁱⁱ In its annual report, the Institut du Québec (IDQ) also points out that 2016 has proved to be one of the best in the past 10 years with over 89,500 jobs created, mainly full-time and in the private sector.^{iv}

Despite Quebec’s relatively good performance, the province is still lagging in terms of per capita disposable income, and the gap with the other provinces has grown wider in recent years. Other issues and challenges arise in Quebec’s economy: declining exports of goods and services; low productivity growth; entrepreneurial deficit; new e-commerce paradigms and importance to accelerate the digital shift for many businesses; and limited growth opportunities in some remote communities.

Indeed, many communities located far from urban centres have insufficiently diversified economies and rely on a single sector, whether it be natural resource development or tourism. These communities are therefore more sensitive to economic fluctuations.

Government context

Several changes were made to the federal administration to reflect new government priorities. CED is actively contributing to the delivery of several of them, including Canada’s Innovation and Skills Plan. CED is also adapting to several new Treasury Board Secretariat policies, including the Policy on Results and the financial management policies, designed to improve communication to Canadians and reduce the administrative burden.

CED has also implemented several internal changes in the perspective of modernization, optimization of processes and improvement of customer experience. For example, the organization is actively contributing to the development of a new government-wide grants and contributions management system. It is also planning the renewal of several leases and relocation of a number of its offices. This significant wave of change has exerted some pressure on CED’s financial and human resources.

Key risks

The following table outlines the external risk that CED faced as well as the mitigation strategies implemented in 2016–2017.

Effective mitigation measures allowed CED to adapt its actions to an evolving economic context and to further government priorities and achieve targeted outcomes.

Key risks

Risk	Mitigating Strategy and effectiveness	Link to the department's Programs	Link to mandate Letter commitments or to government-wide and departmental priorities
<p>Economic Risk and Institutional Capacity</p> <p>The economic context and the many changes within organizations and in the support structure for regional economic development may jeopardize government priorities delivery and achievement of CED program results.</p>	<ul style="list-style-type: none"> ▪ Continuous monitoring of the context and support structure for regional economic development and impact analysis to adjust program delivery, as required. ▪ Renewal of CED's strategic directions (Strategic Plan 2021) to align them with both government priorities and economic development needs identified during consultations. ▪ Update regional intervention strategies carried out by CED's business offices and implement the new priorities of the Strategic Plan 2021. 	<p>Program 1.1: Business Development</p> <p>Program 1.2: Regional Economic Development</p> <p>Program 1.3: Strengthening Community Economies</p>	<ul style="list-style-type: none"> ▪ Contribute to the delivery of Canada's Innovation and Skills Plan. ▪ Make investments to support transition and diversification in communities. ▪ Help businesses to grow, innovate and export their products. ▪ Make strategic investments in the clean technology sector. ▪ Promote economic development and create jobs for Indigenous peoples.

Results: what we achieved

Programs

Program 1.1 – Business Development

Description

This program is designed to support the development of Quebec businesses throughout their life cycle. Businesses—particularly SMEs—drive economic development and are known for generating significant economic activity and for creating jobs in communities.

CED contributes to the renewal of the Quebec business pool by supporting business succession and the emergence of new businesses. It also helps to enhance the competitiveness of existing businesses and to support their sustainability by improving their performance through the development of their production, innovation, marketing and export capabilities.

In this program, CED mainly targets businesses directly or through NPOs that support them. It promotes business development through its grants and contributions program: the Quebec Economic Development Program (QEDP).

Results

As the *Results Achieved* table below shows, CED met the expected outcomes and contributed to the renewal of Quebec’s pool of businesses and to improving the competitiveness of existing ones.

During the period under review, CED funded 125 projects aiming to *Support entrepreneurship* (\$18M) and 636 to *Enhance the performance of Existing Enterprises* (\$143M). On the whole, the results were satisfactory:

- 46% of businesses that received entrepreneurship support survived past the startup phase, an increase of approximately 10% over the previous year. This means that nearly half of these businesses had been operating for at least one year and had generated revenue representing at least 80% of their expenses.
- 75% of businesses that received support to enhance their performance increased their sales figures.

Highlights

94% of promoters who received business creation and startup support stated that their project created new jobs, with an average of 12 new jobs created per project.^v

Most SMEs supported by CED work in the manufacturing sector, which faces ongoing challenges. Funded projects specifically focus on increasing SMEs' innovation, competitiveness and productivity, especially as the context of a weak Canadian dollar reduces their purchasing power abroad. CED's financial support is thus intended to position these SMEs at the forefront of tomorrow's economy, for example by assisting them in making the shift to digital.

Example of a *Business Support* Project

B-CITI, in partnership with a group of researchers from the École de technologie supérieure (ÉTS), the city of Brossard and the Natural Sciences and Engineering Council of Canada, developed the **B-CITI Intelligent Resident Platform**.

B-CITI brings cities closer to their residents. It is an integrated intelligent multi-modal/multi-channel platform: B-CITI connects systems, centralizes and cleans data, digitizes resident services and provides real-time analytics dashboards. Citizens can contact and interact with their city from this portal, accessible on any digital device.

CED's support enabled the implementation of a marketing strategy for the Canadian market, and B-Citi is currently developing the international market.

Example of a *Business Performance* Project

Cordé Électrique, a manufacturing company located in Eastern Townships, received funding to improve its performance by increasing its productivity and manufacturing capacity. The project also aims to implement a marketing plan for the U.S. market.

CED's support helped improve the company's production chain by acquiring state-of-the-art equipment and by expanding the plant. **The company has also created new jobs, going from 45 to more than 70 employees since the project began.**

Winner of the *Accroissement de la productivité (productivity growth) award at the 2017 Mercuriades*, Cordé Électrique specializes in small- and medium-sized personalized batches of electrical harnesses, as well as prototype, moulding, wire printing, technical support and cost reduction analysis services. The company generates most of its revenue from transport and recreational products.

The impact of CED's intervention in this program is significant. According to a telephone survey conducted in 2016,^{vi} the majority of respondents (58%) who participated in the *Business Development Program* stated that they would not have been able to carry out their project without CED's assistance. Of those who would have completed their project, only 10% stated that they would have done so on the same scale and within the same timeframe.

With respect to budgetary financial resources, CED reallocated resources among its various programs—in compliance with departmental authorities—in order to adjust to the realities of Quebec businesses and regions. As a result, a one-time increase in actual versus planned spending was reported for the *Business Development Program*.

Results achieved

Expected Results	Performance Indicators	Target	Date to achieve target	2016-17 Actual Results	2015–16 Actual Results	2014–15 Actual Results
The pool of businesses in Quebec is renewed.	Survival rate of businesses supported in their startup.	90%	March 31, 2017	87%	94%	84%
Quebec businesses are competitive.	Survival rate of businesses supported in their development.	95%	March 31, 2017	100%	99%	96%

Budgetary financial resources (dollars)

2016–17 Main Estimates	2016–17 Planned Spending	2016–17 Total Authorities Available for Use	2016–17 Actual Spending (Authorities Used)	2016–17 Variance (Actual minus Planned)
158,796,744	158,796,744	159,007,337	176,315,687	17,518,943

Human resources (full-time equivalents)

2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
124	122	-2

Information on CED's lower-level programs is available on [CED's website](#) and in the [TBS InfoBase](#).^{vii}

Program 1.2 – Regional Economic Development

Description

This program is intended to strengthen the regions' economic base so as to sustain Quebec's economic growth. Quebec's regions differ in, among other things, their industrial structure, and some are more sensitive to economic fluctuations than others. Quebec's prosperity depends on the different regions participating in the economy to their full potential. CED contributes to building strong, competitive regions, and does so by supporting local communities as they take charge of their economic development and by stimulating investment in all Quebec regions.

Under this program, CED intervenes primarily through NPOs active in economic development and through the QEDP.

Results

CED exceeded the targets set for two of the three performance indicators for strengthening the economic base of Quebec's regions. Only the investments generated in regions that have completed implementation of a development project are below the target, the three projects completed under the component "prepare a development strategy" having generated total investments of \$2.5 million in Montreal and Sept-Îles. The small difference for this indicator may be attributed to delays in implementing projects aiming to "equip the region with a community economic facility". Indeed, several large-scale projects under way will see their end date—and results—reported next fiscal year.

Highlights

CED provided more than \$33 M in grants and contributions for 98 projects supporting regional economic development and strengthening the ability of communities to achieve their full potential in a sustainable way.

Regional Investment Project

The non-profit Corporation événements d'hiver de Québec (QCCA) is responsible for the Snowboard Jamboree (SBJ). This sporting event is part of the International Ski Federation's (FIS) calendar, attracts top international athletes—with 30 countries represented—and rays in about 120 countries.

The project promoted the 2017 edition of the event nationally and internationally, generating positive economic, tourist, media and environmental benefits for Québec city as well as the Quebec region

Example of a *Regional Engagement* Project

CED' financing enabled the Îles-de-la-Madeleine municipality to develop an **economic diversification plan and carry out a socio-economic portrait of the archipelago, a Strengths Weaknesses Opportunity Threats assessment** and an analysis of opportunities based on an online survey and a focus group with various economic stakeholders.

Three priority areas were identified: economic opportunities for a waste diversion project; development of a business accelerator with access to logistical and technical support; and development and implementation of a strategy to attract investment and entrepreneurs.

The economic diversification plan is part of the Horizon 2025 Program directions. The program, which the community adopted in 2013, provides a shared vision of development and reflects the archipelago's characteristics.

Without CED's assistance, most of the economic development projects in the regions could not have been carried out. That is what stated 84% of clients funded in this program and who responded to the telephone survey mentioned above. Only 2% of them would have carried out their projects in the same time and to the same extent.

The majority of respondents also stated that their project enabled implementation of structuring projects and engaged key stakeholders. Some of the results mentioned include establishing networks outside the region and in the U.S., creating businesses and jobs in the region, or revitalizing a city and diversifying its economy through the creation of new businesses and permanent jobs and significant infrastructure investments.

With respect to budgetary financial resources, CED reallocated resources among its various programs—in compliance with departmental authorities—in order to adjust to the realities of Quebec businesses and regions. As a result, a one-time increase in actual versus planned spending was reported for the *Regional Economic Development Program*.

Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2016–17 Actual results	2015–16 Actual results	2014–15 Actual results
The Quebec regions have a strengthened economic base.	Total amount of investment generated in supported regions that completed implementation of their development project.	\$3M	March 31, 2017	\$2.5M	\$25M	\$64.2M
	Amount of spending by tourists from outside Quebec attracted to supported regions.	\$3.6B	March 31, 2017	\$4.2B	\$3.8B	\$10.2B
	Amount of foreign direct investment maintained in or attracted to supported regions.	\$1.3B	March 31, 2017	\$1.76B	\$1.7B	\$3.7B

Budgetary financial resources (dollars)

2016–17 Main Estimates	2016–17 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2016–17 Difference (actual minus planned)
38,450,858	38,450,858	38,516,354	35,198,143	-3,252,715

Human resources (full-time equivalents)

2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
21	21	0

Information on CED's lower-level programs is available on CED's website and in the [TBS InfoBase](#).^{viii}

Program 1.3 – Strengthening Community Economies

Description

In addition to its regular programs, CED develops, administers and implements Canada-wide programs or temporary and/or targeted initiatives. The common objective throughout is to strengthen community economies in order to increase Quebec’s economic growth. CED thus supports communities’ economic development. CED also supports economic activity in Quebec communities that are undergoing economic shocks, experiencing significant development challenges or grasping long-term business opportunities.

This program targets businesses and non-profit organizations. CED uses dedicated temporary or permanent additional funding from the Government of Canada, or specific funds which it allocates via the QEDP. It also intervenes by means of a permanent fund dedicated to the Community Futures Program (CFP).

Results

Results for the survival rate of CFP-assisted businesses are satisfactory. Targets were surpassed, survival rates for businesses that received support rising up to 80%, compared with 52% for the comparison group. CED also provided financial support for 57 Community Futures Development Corporations (CFDCs) located in designated rural regions and 10 Business Development Centres (BDCs) in peri-urban regions.

The six temporary and/or targeted initiatives delivered^{ix} through the QDEP supported 314 projects in 92 individual communities out of 104 communities in Quebec. However, results for total investments generated in the communities were less satisfactory, as some projects experienced implementation delays. CED relies on promoters’ efforts to implement their projects, and some promoters who are responsible for large-scale projects will finalize their projects in 2017–2018 rather than 2016–2017, which explains some of the discrepancies in the anticipated results.

Mid-term evaluations of the *Economic Recovery Initiative for Lac-Mégantic* and the *Canadian Initiative for the Economic Diversification of Communities Reliant on Chrysotile* confirm the need for intervention as well as the relevance of these initiatives, their alignment with priorities and their complementarity with programs of other stakeholders. Few projects supported by CED were completed at the time of the evaluations, but the preliminary results are positive. The presence of a dedicated team for these two initiatives has resulted in a positive partnership which partners described as “excellent”.

Highlights

The latest Statistics Canada study on the CFPs' performance shows that businesses funded by CFDCs and BDCs have a better survival rate, create more jobs and increase their payroll and sales faster than a group of similar companies.^x

Example of a Project Regarding *Temporary and/or Targeted Support – Economic Development Initiative*

CED provided funding to the Secretariat to the Cree Nation Abitibi-Témiscamingue Economic Alliance (SCNATEA) to support targeted business networking interventions, responding to the growing interest in Aboriginal peoples, non-Aboriginals and Inuit in Anglophone communities. The mission of the NPO is to promote sustainable relations and socio-economic alliances between the Cree Nation (Eeyou Istchee), Jamésie, Abitibi-Témiscamingue and Nunavik.

The project enabled the realization of several projects, including the 13th edition of the “networking day”. The event, which brought together more than 250 participants and 170 companies and organizations, helped identify new business opportunities, new partnerships and develop business networks. A conference in the Cree community of Mistissini was also held with themes on tourism, mining development in the Nord-du-Québec region and economic development.

Example of a Project Regarding *Temporary and/or Targeted Support – Economic Diversification of Quebec Communities Reliant on Chrysotile*

BXA specializes in the development of processes and equipment for treating secondary sludge generated by industrial, agri-food and municipal activities.

The company has developed a technology that significantly reduces the volume of industrial sludge. This innovation is expected to lower transport and disposal costs, reduce the presence of bacteria and coliforms and control odour for sludge so it can be reused in agriculture.

CED's support enabled the company to complete the pilot phase of the project to develop a prototype of an electric biological sludge processor. At the time of writing, the company was beginning its marketing efforts.

In 2016–2017, CED carried out an evaluation of the *Temporary Initiative for the Strengthening of Quebec’s Forest Economies* (TISQFE). Two key findings emerge from this evaluation. The first finding points to the need for CED’s assistance in communities affected by an economic crisis. In vulnerable and often mono-industrial communities, lack of funding leads to significant job losses, and CED’s funding helped to stabilize the situation. The second finding highlights that economic diversification takes time to materialize. CED should therefore seek to establish a sufficiently long period for new initiatives to reflect the long-term nature of some expected deliverables.

With respect to budgetary financial resources, CED reallocated resources among its various programs—in compliance with departmental authorities—in order to adjust to the realities of Quebec businesses and regions. As a result, a one-time increase in actual versus planned spending was reported for the *Strengthening Community Economies Program*.

Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2016–17 Actual results	2015–16 Actual results	2014–15 Actual results
Quebec communities have strengthened economies.	Percentage point increase in the survival rate of CFP clients that received assistance over the rate of comparable enterprises that did not receive support.	15 percentage points	March 31, 2017	28 percentage points	26 percentage points	\$730.4M
	Total amount of investment generated in communities for infrastructure modernization	N/A	N/A	N/A	N/A	N/A
	Total amount of investment generated in communities for temporary and/or targeted support.	\$170M	March 31, 2017	\$110.8M	\$48.9M	\$6.9M (EDI) \$15.1M (Chrysotile) \$18.8M (Mégantic)

Budgetary financial resources (dollars)

2016–17 Main Estimates	2016–17 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2016–17 Difference (actual minus planned)
87,644,272	87,644,272	103,349,140	85,904,392	-1,739,880

Human resources (full-time equivalents)

2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
46	47	1

Information on CED’s lower-level programs is available on CED’s website and in the [TBS InfoBase](#).^{xi}

Internal Services

Description

Internal Services refer to the activities and resources of 10 distinct service categories that support program delivery in the organization, regardless of the Internal Services delivery model of the department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Management Services; Materiel Services; and Acquisition Services.

Results

CED continued its efforts to modernize its procedures, improve the client experience and provide a stimulating workplace based on mental health. As the following examples show, Internal Services were particularly involved with this priority during this period.

In partnership with the five RDAs and FedNor, CED developed a common system for grants and contributions which places clients’ concerns at the forefront of its actions. This new government-wide system, which is scheduled to be rolled out in 2019, will provide RDA clients with modern tools, including a transactional portal.

CED also invested resources to plan for the relocation of its headquarters, which is scheduled for 2018, under the Workplace 2.0 initiative of Public Services and Procurement Canada (PSPC). The initiative is much more than a simple relocation, as CED will create a modern, greener and better workplace and propose solutions to its aging infrastructure.

CED is continuously adapting to an ever changing environment. Operational necessities related to various priorities and initiatives, including those mentioned above, account for the difference between actual and planned FTEs.

Highlights

CED implemented many initiatives aimed at improving internal services in the perspective of modernizing the federal public service. These include the transition to SAP, an integrated management system; the update of the five-year Open Government initiative; and progress on the Destination 2020 Initiative.

Budgetary financial resources (dollars)

2016–17 Main Estimates	2016–17 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2016–17 Difference (actual minus planned)
18,228,067	18,228,067	18,624,549	18,534,411	306,344

Human resources (full-time equivalents)

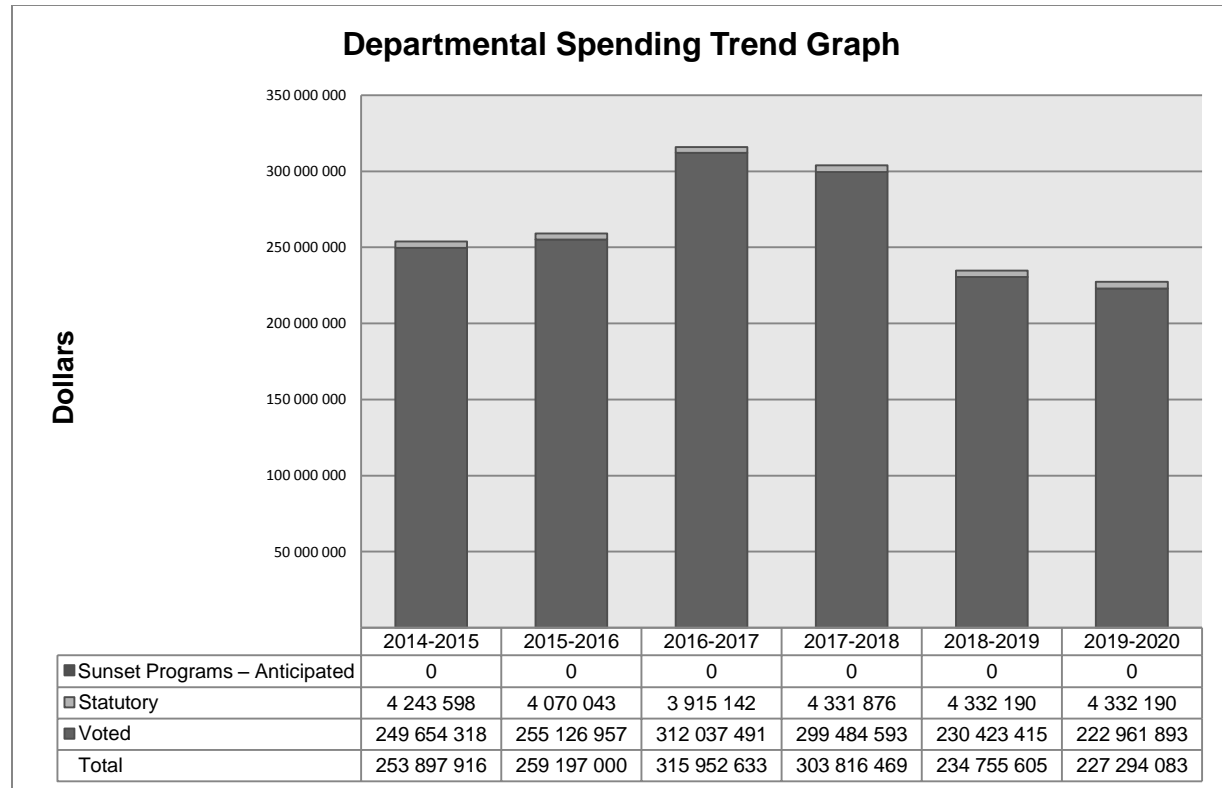
2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
132	140	8

Analysis of trends in spending and human resources

Actual spending

Departmental spending trend graph

The graph below shows CED's actual and planned spending trends. The dark grey bars correspond to G&C expenditures and operating expenditures while the light grey bars show statutory expenditures associated with employee benefits plan.



- Between 2014–2015 and 2016–2017, CED's spending increased by 24%, from \$253.9 to \$316 million. The increase can be explained by the implementation of temporary initiatives under the *Strengthening Community Economies* program, including the *Economic Recovery Initiative for Lac-Mégantic*, the *Initiative for the Economic Diversification of Communities Reliant on Chrysotile* and the *Canada 150 Community Infrastructure Program* (Components I and II).
- Between now and 2020, the decrease in planned spending against actual spending for the previous year is attributable to the end of temporary initiatives and to the reinvestment of repayable contributions by clients, which had not been approved at the time of writing.

Budgetary Performance Summary for Programs and Internal Services (dollars)

Programs and Internal Services	Main Estimates 2016–2017	Planned Spending 2016–2017	Planned Spending 2017–2018	Planned Spending 2018–2019	Total Authorities Available for Use 2016–2017	Actual Spending (Authorities Used) 2016–2017	Actual Spending (Authorities Used) 2015–2016	Actual Spending (Authorities Used) 2014–2015
Business Development	158,796,744	158,796,744	145,866,881	136,290,418	159,007,337	176,315,687	147,576,913	146,564,462
Regional Economic Development	38,450,858	38,450,858	34,883,447	33,080,533	38,516,354	35,198,143	33,610,006	34,133,620
Strong Communities	87,644,272	87,644,272	104,721,027	47,118,599	103,349,140	85,904,392	60,180,857	55,328,034
Subtotal	284,891,874	284,891,874	285,471,355	216,489,550	300,872,831	297,418,222	241,367,776	236,026,116
Internal Services	18,228,067	18,228,067	18,345,114	18,266,055	18,624,549	18,534,411	17,829,224	17,871,800
Total	303,119,941	303,119,941	303,816,469	234,755,605	319,497,380	315,952,633	259,197,000	253,897,916

- For 2016–2017, CED spent 316 million out of a possible 319.5 million, or 99% of its authorities. This variance is partly due to lower costs of the Bellechasse Gas Project and to a decrease in operating expenses in order to carry forward unused funds to finance the move of the central administration and of some business offices in the next fiscal year.
- CED received 15.6 million in additional funding during the year, on top of the 303 million initially available for the implementation of the Canada 150 Community Infrastructure Program – Component II.

Actual human resources

Human Resources Planning Summary for Programs and Internal Services (full-time equivalents [FTEs])

Programs and Internal Services	Actual FTEs 2014–2015	Actual FTEs 2015–2016	Planned FTEs 2016–2017	Actual FTEs 2016–2017	Planned FTEs 2017–2018	Planned FTEs 2018–2019
Business Development	121	134	124	122	130	137
Regional Economic Development	20	16	21	21	25	31
Strong Communities	47	37	46	47	36	23
Subtotal	188	187	191	190	191	191
Internal Services	127	128	132	140	132	132
Total	315	315	323	330	323	323

CED used 7 FTEs more than planned in order to support all of its activities and to intensify its efforts in line with its new priorities as well as those of the government, including: to support the Innovation and Skills Plan; develop the new common system for managing G&C, deliver the five-year Open Government Plan, and support the sectors in the planning, implementation and integration of various modernization and transformation initiatives.

Expenditures by vote

For information on CED's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2017](#).^{xii}

Alignment of spending with the Whole-of-Government Framework

Alignment of 2016-2017 actual spending with the [Whole-of-Government Framework](#)^{xiii} (dollars)

Program	Spending Area	Government of Canada Activity	Actual Spending 2016–2017
Business Development	Economic Affairs	176,315,687	176,315,687
Regional Economic Development	Economic Affairs	35,198,143	35,198,143
Strong Communities	Economic Affairs	85,904,392	85,904,392

Total spending by spending area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	303,119,941	315,952,633
Social Affairs	0	0
International Affairs	0	0
Government Affairs	0	0

Financial statements and financial statements highlights

Financial statements

CED's unaudited financial statements for the year ended March 31, 2017 are available on the [CED website](#).

Financial statements highlights

The financial highlights presented below provide an overview of CED's financial position and operations. The unaudited financial statements are drawn up in accordance with government accounting policies, which are based on Canadian Generally Accepted Accounting Principles for the public sector.

Note that the spending presented in the tables in other sections of the Report were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the Notes to CED's Financial Statements.

A more detailed statement of operations and associated notes, including a reconciliation of the net costs of operations with the requested authorities, are available on the [CED website](#).

Condensed Statement of Operations (unaudited) for the year ended March 31, 2017 (dollars)

Financial Information	Planned Results* 2016–2017	Actual 2016–2017	Actual 2015–2016	Variance (Actual 2016– 2017 minus Planned 2016–2017)	Variance (Actual 2016– 2017 minus Actual 2015– 2016)
Total expenses	199,178,000	196,725,692	168,203,868	(2,452,308)	28,521,824
Total revenue	0	0	0	0	0
Net cost of operations before government funding and transfers	199,178,000	196,725,692	168,203,868	(2,452,308)	28,521,824

Expenses

- In 2016–2017, CED’s total expenses stood at \$196.1 million, up \$28.5 million from the previous year. The 17% increase is primarily attributable to the increase in non-repayable contributions.
- Transfer payment expenses, totalling \$149.7 million, rose by 22.5% between 2015–2016 and 2016–2017. Operating expenses stood at \$47.1 million, an increase of 2.2% compared with the previous year.
- The \$2.5 million variance (1.2%) with projected net expenses is attributable to non-repayable contributions that were lower than projected.

Revenue

- CED’s revenue, returned to the Consolidated Revenue Fund, is declared in its financial statements as having been earned on behalf of the government. As a result, the organization’s total net revenue is zero. In 2016–2017, CED’s total gross revenue stood at \$462,288, an increase of 256.8% from the previous year. Revenue consists mainly of interest charges on payments in default.

Condensed Statement of Financial Position (unaudited) as at March 31, 2017
(dollars)

Financial Information	2016–2017	2015–2016	Variance (2016–2017 minus 2015–2016)
Total net liabilities	22,535,240	27,180,487	(4,645,247)
Total net financial assets	19,285,049	23,875,447	(4,590,398)
Departmental net debt	3,250,191	3,305,040	(54,849)
Total non-financial assets	1,011,361	1,122,769	(111,408)
Departmental net financial position	(2,238,830)	(2,182,271)	(56,559)

Liabilities

- As at March 31, 2017, CED's net liabilities stood at \$22.5 million, down 17.1% from 2015–2016. This decrease is largely attributable to the decline in net accounts payable and accrued liabilities.
- Accounts payable and accrued liabilities represented the largest component of liabilities, at 85.5% (\$19.3 million) of total net liabilities. Future fringe benefits, along with vacation pay and compensatory leave, accounted for 6.8% (\$1.5 million) and 7.7% (\$1.7 million) of the organization's net liabilities, respectively.

Assets

- As at March 31, 2017, net financial assets stood at \$19.3 million, down 19.2% from the previous years total. This decrease is attributable to the decline in amounts due from the Consolidated Revenue Fund to discharge liabilities (fringe benefits and accrued liabilities), which were also down.
- CED's non-financial assets stood at \$1.0 million as at March 31, 2017, down 9.9% from the previous year. This decrease is primarily attributable to the decline in prepaid expenses and tangible capital assets.
- CED's loans, held entirely on behalf of the government, totalled \$371.6 million as at March 31, 2017, up 11.7% from 2015–2016, owing to the increase in repayable contributions paid by the organization.

Additional information

Corporate information

Organizational profile

Appropriate Minister:

The Honourable Navdeep Bains, P.C., M.P.

Minister of Innovation, Science and Economic Development and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec

Deputy Head: Manon Brassard

Ministerial Portfolio: Innovation, Science and Economic Development

Enabling Instruments: *Economic Development Agency of Canada for the Regions of Quebec Act* (S.C. 2005, c. 26)^{xiv}

Year of Incorporation / Commencement: 2005

Reporting framework

The CED Strategic Outcome and Program Alignment Architecture (PAA) of record for 2016–2017 are shown below:

1. Strategic Outcome – Quebec’s Regions Have a Growing Economy

Program 1.1 – Business Development

Sub-program 1.1.1 – Support for Entrepreneurship

Sub-program 1.1.2 – Business Performance

Program 1.2 – Regional Economic Development

Sub-Program 1.2.1 – Regional Engagement

Sub-Program 1.2.2 – Regional Investment

Program 1.3 – Strengthening Community Economies

Sub-program 1.3.1 – Community Futures Program

Sub-Program 1.3.2 – Infrastructure Modernization

Sub-Program 1.3.3 – Temporary and/or Targeted Support

Internal Services

Supporting information on lower-level programs

Supporting information on results, financial and human resources relating to CED’s lower-level programs is available on [TBS InfoBase](#).^{xv}

Supplementary information tables

The following supplementary information tables are available on [CED's website](#):

- ▶ Internal Audits and Evaluations
- ▶ User Fees, Regulatory Charges and External Fees
- ▶ Details on Transfer Payment Programs of \$5 Million or More
- ▶ Response to Parliamentary Committees and External Audits
- ▶ Departmental Sustainable Development Strategy

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures](#).^{xvi} This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational contact information

Canada Economic Development for Quebec Regions

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H3B 2T9

Telephone: 514-283-6412
Fax: 514-283-3302
www.dec-ced.gc.ca

Appendix: Definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

core responsibility (responsabilité essentielle)

Any enduring function or role performed by a department. The intentions of the department with respect to a core responsibility are reflected in one or more related departmental results that the department seeks to contribute to or influence.

Departmental Plan (Plan ministériel)

Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

departmental result (résultat ministériel)

A departmental result represents the change or changes that the department seeks to influence. A departmental result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

departmental result indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a departmental result.

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's core responsibilities, departmental results and departmental result indicators.

Departmental Results Report (Rapport sur les résultats ministériels)

Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

evaluation (évaluation)

In the Government of Canada, evaluation is the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user

needs, however, evaluations can also examine other units, themes and issues including alternatives to existing interventions. Evaluations generally employ social science research methods.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2017 to 2018 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: growth for the middle class; open and transparent government; a clean environment and strong economy; diversity is Canada’s strength; and security and opportunity.

horizontal initiatives (initiative horizontale)

A horizontal initiative is one in which two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (e.g. by Cabinet, a central agency, etc.) as a horizontal initiative for managing and reporting purposes.

Management, Resources and Results Structure (Structure de la gestion, des ressources et des résultats)

A comprehensive framework that consists of an organization’s inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the strategic outcome(s) to which they contribute. The management, resources and results structure is developed from the program alignment architecture.

non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

plan (plan)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

priority (priorité)

Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired strategic outcome(s).

program (programme)

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (architecture d'alignement des programmes)

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

result (résultat)

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

strategic outcome (résultat stratégique)

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an *Appropriation Act*. The Vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

- i. *Economic Development Agency of Canada for the Regions of Quebec Act*, <http://laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html>
- ii. Ministers' mandate letters, <http://pm.gc.ca/eng/mandate-letters>
- iii. Statistics Canada (CANSIM table 282-0022) <http://www5.statcan.gc.ca/cansim/a26;jsessionid=A721B21299D007549561C9EAF5D8E75?lang=eng&retrLang=eng&id=2820002&pattern=&stByVal=1&p1=1&p2=-1&tabMode=dataTable&csid=>
- iv. L'emploi au Québec : bilan 2016, Institut du Québec, http://www.institutduquebec.ca/docs/default-source/recherche/2016_bilan-annuel_PPT.pdf?sfvrsn=4
- v. Canada Economic Development for Quebec Regions, Annual Customer Satisfaction Survey, 2016–2017.
- vi. *Idem*.
- vii. TBS InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- viii. *Idem*.
- ix. Temporary and/or targeted initiatives: Economic Recovery Initiative for Lac-Mégantic; Canadian Initiative for the Economic Diversification of Communities Reliant on Chrysotile; Strategic Initiative to Combat the Spruce Budworm Outbreak in Quebec (SICSBOQ); Extension of the Natural Gas Distribution Network Between Lévis and Sainte-Claire (Bellechasse Gas Pipeline); Linguistic Duality Economic Development Initiative (EDI); et Canada 150 Community Infrastructure Program (CIP 150)
- x. Evaluation of the community futures program in Quebec, <http://www.dec-ced.gc.ca/eng/resources/publications/evaluation/2015/326/index.html>
- xi. TBS InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- xii. Public Accounts of Canada 2017, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- xiii. Whole of Government Framework, <https://www.canada.ca/en/treasury-board-secretariat/services/reporting-government-spending/whole-government-framework.html>
- xiv. *Economic Development Agency of Canada for the Regions of Quebec Act*, <http://laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html>
- xv. TBS InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- xvi. Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>