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Industry, Science and  
Technology Canada

Industrie, Sciences et  
Technologie Canada



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# DRIE and MOSST

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Annual Report 1988-1989

Canada 

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Cat. No. C1-1989  
ISBN 0-662-57199-1  
PU 3329

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# DRIE and MOSST

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Annual Report 1988-1989

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His Excellency  
The Right Honourable Ramon John Hnatyshyn, P.C., C.C., C.M.M., C.D.  
Governor General of Canada

Your Excellency:

I have the honour to submit the annual report for the Department of Regional Industrial Expansion.

The report shows the department's accomplishments during the 1988-89 fiscal year. It also reflects the changes in organization and programs brought about by pending legislation to create the Department of Industry, Science and Technology. A summary of the annual report for the Ministry of State for Science and Technology, which forms the science component of the new department, is included as Appendix E of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Harvie Andre". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Harvie Andre  
Minister of Regional Industrial Expansion

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# Table of Contents

<b>Overview</b> .....	1
<b>Financial Statement</b> .....	3
<b>Headquarters</b> .....	5
Development Programs and Investments .....	6
Industry and Technology .....	9
Native Economic Programs .....	14
Policy .....	15
Tourism .....	20
Finance, Personnel and Administration .....	22
<b>The Regions</b> .....	25
Newfoundland .....	27
Prince Edward Island .....	29
Nova Scotia .....	30
New Brunswick .....	32
Quebec .....	33
Ontario .....	35
Manitoba .....	37
Saskatchewan .....	38
Alberta .....	40
British Columbia .....	41
Northwest Territories .....	43
Yukon .....	44
<b>Appendices</b> .....	45
Grants and contributions by region .....	46
Grants and contributions by program .....	47
Industrial and Regional Development Program .....	48
Defence Industry Productivity Program .....	50
Native Economic Development Program .....	51
Special <i>Agricultural and Rural Development Act</i> .....	52
Economic and Regional Development Subsidiary Agreements .....	53
<i>Small Businesses Loans Act</i> .....	55
Subsidiary agreements under ERDAs and GDAs active during 1988-89 .....	56
Departmental Profile .....	57
Summary of the 1988-89 Annual Report of the Ministry of State for Science and Technology .....	59

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## Overview

The Department of Regional Industrial Expansion (DRIE), currently undergoing a major restructuring, is the federal government's centre of expertise in the industrial, commercial and tourism sectors of the national economy. It is also the lead department for regional economic development in Ontario and Quebec.

A major part of its efforts throughout the year under review were focused on the merger of some of its key elements with the Ministry of State for Science and Technology (MOSST) to create the new Department of Industry, Science and Technology Canada (ISTC). These included studies and reports by departmental working groups, consultations with national business associations, executive and senior management conferences as well as drafting of the ISTC legislation.

As defined in the enabling legislation tabled in the House of Commons, the new department will feature some marked changes in emphasis — in particular on co-operative efforts to enable Canadian industry to meet challenges in science and technology.

Under its new mandate, ISTC will:

- place increased emphasis on policies affecting the business climate, with a special emphasis on innovation and the particular needs of specific sectors;
- develop and deliver policies, programs and services in close co-operation with industry;
- take steps to strengthen its expertise and information base in industry sectors and technology; and
- take special care to address the problems and concerns of small- and medium-sized businesses and of developing entrepreneurs, focusing on co-operative efforts to enable such firms to develop the capabilities to find, adapt and apply technology.

The department's organizational structure, as it is presently constituted, shows its continuing emphasis on three key elements in regional economic adjustment: tourism, small business and assistance to Canada's native peoples.

Tourism's Market Development Branch delivered comprehensive advertising, public relations and travel industry development campaigns to Canada's primary international markets — the United States, the United Kingdom, Japan, the Federal Republic of Germany and France — under its current target market strategy. The Canadian tourism industry had another banner year in 1988-89: total spending by international visitors was up by more than six percent to a record \$6.7 billion.

The department continued to provide special support to Canada's small businesses. During the year it established the Entrepreneurship and Small Business Office (ESBO) to assist the Minister of State, Small Businesses and Tourism, in his role of small business advocate within cabinet.

On August 16, 1988, ESBO announced a National Policy on Entrepreneurship. Two major objectives of that policy were set in motion during 1988-89.

The first was the establishment of a special Founding Council for the National Entrepreneurship Development Institute (NEDI), a non-profit, private-sector organization which will promote and strengthen the culture of entrepreneurship and encourage the creation of new businesses, with federal funding of \$2 million over five years. The second was the launching of the Canadian Opportunity Investment Network (COIN), a private-sector financial matchmaking service for entrepreneurs and investors, on January 17, 1989.

The Native Economic Programs sector plays a key role in this department by fostering increased entrepreneurship and economic development among Canada's Métis, Inuit, Status and non-Status Indian people. It also administers the Native Economic Development Program (NEDP), which provides direct financial contributions to native corporations and economic development programs. During 1988-89, the final year of the program's mandate, the NEDP approved a total of 281 projects, for a total financial commitment of \$84.1 million.

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In all of its activities, the department consults closely with industry, labour and the academic community, as well as other government departments, in a continuing effort to improve co-operation among the various elements of the Canadian economy.

The department's efforts also serve to provide an attractive climate for investors. Investment Canada, which reports to Parliament through the Minister, works closely with department officials to provide its services to potential domestic and international investors.

### **Industrial Development**

The Industry and Technology sector, the former Industry Marketing, was renamed during 1988-89 in line with the change inherent in the creation of the new department. Its programs focus on improving the international competitiveness of Canadian industry through more and better sectoral intelligence, expansion of export and domestic markets, promotion of new investments and technologies, and encouraging the greatest possible development and industrial benefits from federal procurements.

The publication of some 120 profiles of individual industrial sectors late in the 1988-89 fiscal year and early in the next was a major achievement in support of these objectives, in the context of the new Canada-U.S. Free Trade Agreement trade environment.

The Aerospace, Defence and Industrial Benefits branch funded projects worth \$248.5 million, up from \$232.8 million the previous year. Even more significant was that nearly \$150 million, or more than 60 percent of that total, was spent on research and development. In addition, several Memoranda of Understanding (MOUs) were signed with key aerospace and defence firms. These MOUs are an important mechanism for government-business partnership which establishes a framework for long-term co-operation and allows the department to deal with its clients in an organized, effective way.

The department continued to acknowledge singular achievement by Canadian firms and other organizations through its prestigious Canada Awards for Business Excellence. In an Ottawa ceremony on September 14, 1988, the department distributed 38 awards (nine gold, nine silver and 20 bronze) to winners in a number of categories, including productivity, marketing, entrepreneurship, labour-management co-operation, innovation, invention, industrial design and small business.

As noted above, the department continues to lead regional development efforts in Ontario and Quebec, while the Atlantic Canada Opportunities Agency and the Department of Western Economic Diversification are responsible for Atlantic and western Canada.

# Financial Statement

## Regional Industrial Expansion

EXPENDITURES	for 1988-89	(\$ thousands)
Operating and Capital Expenditures		232 686
<b>GRANTS</b>		
✓ Grants under the Native Economic Development Program		873
✓ Grants to non-profit organizations to promote economic co-operation and development		500
✓ Grants under the Canada Awards for Business Excellence Program		135
Grants under the Special Program for the Thetford-Mines Region		1 000
✓ Grants under the Special Program for the Laprade Region		8 000
✓ Grant to the Moncton Special Development Initiatives Board		1 000
Grant to Working Ventures Inc.		1 000
Grant to the Royal Society of Canada		500
<b>CONTRIBUTIONS</b>		
✓ Contributions under the <i>Industrial and Regional Development Act</i> and outstanding commitments under discontinued predecessor programs		195 673
✓ Contributions under the Defence Industry Productivity Program		248 583
✓ Contributions under sub-agreements made pursuant to Economic and Regional Development Agreements/General Development Agreements with provinces		165 114
✓ Contributions under the <i>Agricultural and Rural Development Act</i>		13 524
✓ Contributions under the Shipbuilding Industry Assistance Program		11 228
✓ Contributions under the Western Transportation Industrial Development Program		447
✓ Contributions to non-profit organizations and commercial operations in support of tourism		457
Contributions under the Bas St-Laurent/Gaspésie Development Program		4 030
✓ Contributions under the Native Economic Development Program		59 953
Contributions for the Advanced Train Control System		668
✓ Contributions under the Canadian Industrial Renewal Regulations		41 943
✓ Contribution to The Innovation and Entrepreneurial Management Corporation of Canada Inc. and the Société en commandite pour la création d'entreprises		1 269
Contribution under the Ontario Shipyards Rationalization Program		5 005
✓ Contribution to GMC/Suzuki		6 805
✓ Contributions under the Atlantic Enterprise Program		1 071
Contributions to the Fraser Valley Independent Shakes and Shingles Producers		1 923
✓ Contribution to Pétromont Inc.		12
✓ Contributions to Marine Industries Limited		73 587
✓ Contribution to the Footwear and Leather Institute of Canada		433
✓ Contributions under the Technology Outreach Program and the Technology Opportunities in Europe Program		9 180
Contributions under the Northern Ontario Development Fund		2 857
Contributions under the Micro-electronics Systems Development Program		2 129
✓ Contributions under the Acid Rain Abatement Program		16 321
✓ Contribution to Tricot Domino		24
Contributions under the Special Program for the Thetford-Mines Region		299
✓ Contributions under the Special Program for the Laprade Region		9 764
✓ Contributions to non-profit organizations to promote economic co-operation and development		234
Contributions under the Eastern Quebec Development Plan		944
✓ Contributions to the Atlantic Provinces Economic Council		100
✓ Contribution to the Massachusetts Institute of Technology		48
✓ Contributions to the Canada-China Trade Council		145

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(\$ thousands)

✓ Contributions for outstanding commitments under the Industry and Labour Adjustment Program	312
Contribution to Specialty Shippers	5 518
Contribution to Hawker-Siddeley Canada Inc.	3 153
✓ Contributions under the Service Industries Program	120
✓ Contributions under the Central Ontario Tornado Damage Business Assistance Program	4
Contribution to Springhill Farms Ltd.	175
Contribution to pulp mill in Matane, Quebec	2 139
Contribution to the Commercial Arbitration Centre	125
Contribution to General Discovery and Supply Co. Ltd.	228
Contribution to Penticton Trade and Convention Centre	300
Contribution to the National Entrepreneurship Policy	566
Contribution to the Centre de Création d'entreprises d'Alma Inc.	500
Contribution to the Canadian Maritime Industries Association	27
Contribution to the Geomatics Industry Association of Canada	45
Contribution to Nygard International Ltd.	308
Contributions under the Canada-Quebec Regional Development Program	865
Contribution to Lavalin Inc./Hawker-Siddeley Trenton Works	2 150
(S) Liabilities under the <i>Small Businesses Loans Act</i>	18 204
(S) Insurance payments under the Enterprise Development Program	485

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<b>Total Grants and Contributions</b>	<b>934 236</b>
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<b>Total - Budgetary</b>	<b>1 166 922</b>
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#### EXPENDITURES

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##### RETURN ON INVESTMENTS

Canada Post Corporation	3 882
Enterprise Development Program	115
Industrial and Regional Development Program	211
Atlantic Development Board	381
<i>Atlantic Provinces Power Development Act</i>	11 003
Special Areas and Highways Agreement	9 958
Services and Service Fees	7 620
Refunds of Previous Years' Expenditures	42 313
Adjustment to Prior Years' Payables at Year End (PAYE)	5 343
Other Non-tax Revenues	4 750

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<b>Total Revenue*</b>	<b>85 576</b>
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\* In accordance with government accounting practices, amounts classified as revenues are credited to the Consolidated Revenue Fund.

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# HEADQUARTERS

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## Development Programs and Investments

This sector provides corporate management for departmental programs and business services, international activities and regional office activities. Its role includes developing and providing functional direction for business service products; providing guidance for international activities related to trade, investment and technology; supporting the operations of regional offices; administering the department's loan insurance and recovery programs; providing advice on Crown corporations which report to the minister; and designing and implementing program procedures.

### Services to Business Branch

The Services to Business Branch is the departmental focal point for service to industry generally, for marketing and for delivery of specific services designed to help businesses increase sales and productivity, locate new markets and assess new production opportunities. These services include the Business Opportunities Sourcing System (BOSS), import analysis and related market information services, the Interfirm Comparison Program and the Canada Awards for Business Excellence.

Specific achievements during the 1988-89 fiscal year included:

- expansion of the BOSS user community to more than 6800 subscribers, responses to 2000 requests for information, production of BOSS reports (including the collection of export data by U.S. state, research and development capability and facsimile number), publication of Canada Award winners in the BOSS directories and an upgrade adding the capability to store and maintain the Harmonized Commodity Description and Coding Structure;
- presentation of 38 Canada Awards for Business Excellence (including nine gold, nine silver and 20 bronze awards) in the fields of productivity, marketing, entrepreneurship, labour-management co-operation, innovation, invention, industrial design and small business, at a ceremony held in Ottawa on September 14, 1988;
- revision of the import profiles series to identify and target specific foreign companies for potential investment or technology transfer to Canada; re-orientation of the import

analysis services to provide product-specific analysis of both Canadian and U.S. markets for Canadian businesses; major changes in procedures for targeting distribution through consultation with industry sector branches to broaden the dissemination of market intelligence reports to Canadian decision makers; and expansion of support for investment development and technology transfer through the preparation of 100 product-specific reports, and the dissemination of product market intelligence to some 2500 Canadian businesses and public-sector organizations; and

- interfirm comparisons in a variety of industry sectors (including the manufacturing of auto parts, household furniture, printing and packaging equipment, modular housing, etc.); forwarding of individual performance reports to more than 225 participating companies, and discussions with their senior management; computerization of the program, so that for the first time all data has been electronically processed; and the first international comparison of some 65 Canadian and 10 European manufacturers of household furniture.

### International Affairs Branch

In supporting the department's mission to enhance international competitiveness and scientific excellence, the International Affairs Branch develops priorities and strategies to target international investment, trade, technology and research opportunities. It also develops methodologies and networks which provide international intelligence to assist Canadian companies and institutions in their negotiation of business arrangements with foreign companies and governments.

The trade, investment and technology strategic-planning system identifies, prioritizes and co-ordinates the international activities of regional offices throughout Canada with External Affairs Canada posts around the world.

Through the branch, the department has actively promoted the Technology Inflow Program and the Investment Development Program. The branch also has developed investment and technology prospecting techniques and organized incoming and outgoing missions. Promotional support

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publications on investment and technology opportunities continued to be produced.

The International Affairs Branch has continued to pursue its industrial co-operation efforts in Europe and Asia and added a new focus in strengthening science and technology. Special emphasis is being placed on priority countries such as the Federal Republic of Germany, Japan, the Republic of Korea, France, Italy, the United States, Thailand and China.

The branch also is actively involved in managing a number of international industrial co-operation and science and technology agreements.

International industry-sector advice to other government departments totalled 1010 cases during the year. The conversion to the Harmonized System of tariff classification has continued to attract a large number of appeals. Order in Council authority to provide relief for the concerns of Canadian industry has been extended to June 30, 1990.

### **Planning, Coordination and Regional Affairs Branch**

This branch provides policy advice to the assistant deputy minister, co-ordinates resourcing and planning activities for the sector and regional offices and supports the assistant deputy minister in the general management of regional offices.

Over the past year, specific achievements have included the completion of an extensive review of the sector regional office organization in terms of the new mission and mandate of the department; the development of human and financial resource frameworks and organizational structures; the development of a strategic priorities statement; and assistance in the creation of departmental sector teams.

### **Crown Investments and Guarantees Branch**

During the 1988-89 fiscal year, the Credit Insurance and Recoveries Directorate actively monitored a significant portfolio (\$147 million) of 33 major insured-loan accounts with commercial lenders, and managed the department's relationship with clients experiencing insolvency or other financial problems. In addition, the directorate effected substantial recovery of amounts due to the Crown as a result of defaults totalling some \$76 million on contribution agreements by companies.

The directorate also assessed and made recommendations to the minister on applications received under the department's program of credit insurance to assist applicant airlines in purchasing de Havilland DHC-8 aircraft. That program, to date, involves the provision of loan or lease insurance by the Crown. Expenditures under this program total \$549 million in outstanding or committed insurance on 40 projects for 72 aircraft.

The branch also administered the *Small Businesses Loans Act* (SBLA), which was designed to help new and existing small-business enterprises obtain intermediate term loans from designated commercial lenders to help finance specified fixed-asset needs. The program provides partial loan-loss indemnification to lenders on loans made directly through some 8500 commercial lending offices. A total of 17 726 loans were made for \$682.7 million — a decrease of five percent by number and an increase of 1.3 percent in value from the previous year.

Lenders in Quebec led the way with 5385 loans totalling \$215.5 million, nearly equal to Ontario with 5325 loans totalling \$225.2 million. The one-time, one-percent registration fee generated \$6.9 million in revenue for the Crown in 1988-89. Service businesses continued to be the greatest users with 42 percent of lending volume, followed by retail trade borrowers with 22 percent. In addition, substantial numbers of claims for losses were reviewed and eligible payments made, while action was taken to recover on subrogated debts.

During 1988-89, the Crown Investments Division continued to assist the minister in developing strategic directions for the Federal Business Development Bank (FBDB), the Cape Breton Development Corporation (DEVCO), and Canadian Patents and Development Limited (CPDL). The division also assisted the minister in finalizing the privatization of Pêcheries Canada Inc.

During the year, considerable effort was directed to reviewing options for maintaining a high level of relevancy to small business needs for FBDB, a Crown corporation which administers a \$2.4-billion loan portfolio through 77 branches and five regional offices across the country.

The division also assisted the minister in the successful transfer of the Industrial Development Division of DEVCO on Dec. 1, 1988, to the newly

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created Enterprise Cape Breton Corporation reporting to the minister of Atlantic Canada Opportunities Agency (ACOA), and helped the corporation strengthen its commercial mandate for its remaining coal mining operations.

A major policy review was undertaken regarding a future new role for CPDL in the context of the new Industry, Science and Technology Canada (ISTC) and its major InnovAction policy initiative. This Crown corporation is currently responsible for administering and exploiting technology produced by or for the federal government and by universities.

These initiatives will ensure that these three important Crown corporations, with total assets of over \$3 billion and employment of more than 4500, continue to fulfil the policy objectives of the government shareholder.

### **Program Affairs Branch**

The Program Affairs Branch is responsible for the general direction, co-ordination and integration of all the funded program activities of the department. The branch serves as a corporate focal point in all matters of program planning, design and legislation, as well as program information. It provides administrative procedures, management information systems, program integrity and a secretariat service to the senior decision boards of the department.

Appendix B (page 48) summarizes activities during fiscal year 1988-89 for the principal programs administered by the department. The data shown covers the following:

- activity by program, by province and by industry group for all programs;
- activity by planning element for the Industrial and Regional Development Program (IRDP);
- activity by sub-program for the Defence Industry Productivity Program (DIPP), the Native Economic Development Program (NEDP) and the *Special Agricultural and Rural Development Act* (Special ARDA) program;
- projects by industry groupings and authorized amounts of assistance under Economic and Regional Development Subsidiary Agreements; and
- program activity under the SBLA.

The IRDP expired on June 30, 1988. Although it has remained one of the principal programs in terms of disbursements during the year under review, the department's efforts have been concentrated on the development and implementation of new programs to develop and apply new technologies under the new ISTC mandate.

These new programs are aimed at achieving improvement in the competitive position of Canadian industry, mainly through technology enhancement, co-operative R&D projects and support for strategic alliances.

Such new initiatives as the Sector Campaigns Initiative, the Strategic Technologies Program, the Advanced Manufacturing Technology Application Program and the St. Lawrence River Environmental Technology Development Program were set in place in 1988 and will represent an increasing part of departmental activities and budget in the future years.

Appendix C (page 56) summarizes the subsidiary agreements under Economic and Regional Development Agreements (ERDAs) and General Development Agreements that were active during the 1988-89 fiscal year and for which the department was responsible.

In 1987 the responsibility for most subsidiary agreements located in the four Atlantic provinces was transferred from DRIE to the ACOA. Exceptions included tourism, and some specific industrial subsidiary agreements. Likewise, most subsidiary agreements located in the four Western provinces were transferred to the Department of Western Economic Diversification. Exceptions were tourism, northern development and science and technology subsidiary agreements.

The department assumes its revised mandate on regional development through the existing ERDAs in Ontario, Quebec and the territories. In addition, programs such as the Special Northern Ontario Development Program in Ontario and the Industrial Recovery Program for East-end Montréal, the Manufacturing Productivity Improvement Program and the Enterprise Development Program in Quebec were implemented under the department's regional mandate in these two provinces.



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# Industry and Technology

The Industry and Technology sector comprises elements of the department specifically concerned with the development of the individual sectors of the Canadian economy. Formerly known as Industry Marketing, it was renamed during the year under review in recognition of the change in focus required by the creation of the new Industry, Science and Technology Canada (ISTC).

Industry and Technology is responsible for the implementation of many of the new programs to be introduced by ISTC. A major effort was therefore undertaken during the year to develop policies, procedures and documentation for the launch of new initiatives such as:

- the Strategic Technologies Program (STP), supports pre-competitive R&D or pre-commercial technology applications in relation to advanced industrial materials, biotechnology and information technologies;
- the Sector Campaigns Program, which involves the design and implementation of measures to improve the international competitiveness of industry sectors deemed to offer positive development opportunities;
- the St. Lawrence River Environmental Technology Development Program, which supports R&D into industrial pollution abatement technologies; and
- the Advanced Manufacturing Technology Applications Program, which assists companies in the identification of appropriate technologies to improve their production efficiency.

All of these programs have the goal of improving the international competitiveness of Canadian industry, and this continues to represent the overriding priority of Industry and Technology. In support of this goal, much of the sector's effort during the year was focused on activities designed to:

- improve its capacity to gather and analyze sectoral intelligence;
- develop industry sector policies and strategies in consultation with industry;
- expand export and domestic market opportunities for Canadian business;
- promote new investments and technologies; and

- maximize the industrial benefits associated with federal procurements.

A major common effort was the preparation and publication of more than 100 profiles on individual industry sectors. Approximately 120 were completed, with 91 released for public distribution during the year, and the balance following early in the next fiscal year.

The Industry and Technology sector is made up of seven branches. A brief description of each follows.

## Surface Transportation and Machinery

The Surface Transportation and Machinery Branch comprises four directorates: Automotive; Marine, Urban, and Rail; Construction and Capital Projects; and Machinery and Electrical Equipment. Each directorate's activities are tailored to the characteristics of its economic sector.

In major initiatives during the year, the branch:

- launched the St. Lawrence River Environment Technology Development Program, which will provide \$20 million over five years for R&D on industrial pollution abatement technologies;
- continued the implementation of the shipbuilding sector strategy to rationalize and increase the competitiveness of Canadian shipyards by
  - implementing modernization and specialization agreements with Marine Industries Limited in Quebec,
  - implementing a restructuring plan for Ontario shipyards, and
  - facilitating a change of ownership for Versatile Pacific Shipyards Inc. in British Columbia;
- negotiated a number of contracts with industry under the Advanced Train Control System (ATCS) Program and extended the life of the program by two years: with funding of \$14.8 million over three years, it is designed to accelerate the development and testing of advanced control systems for major North American railroads;
- undertook support activities for offshore oil and gas development projects by initiating the

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establishment of an industry capability data base, pursuing necessary business intelligence, and developing an industrial benefits strategy relating to the Hibernia project;

- carried out extensive consultations with industry representatives and other government departments on the impact of, and the schedule for, tariff reduction under the Canada-U.S. Free Trade Agreement (FTA);
- held extensive consultations with representatives of the automotive industry concerning policy issues, an activity which led to the formation of an Automotive Advisory Committee;
- launched the Automotive Components Initiative (ACI) sector campaign to provide information, diagnostic and financial assistance to eligible small and medium-sized firms in the auto parts sector;
- published 30 industry profiles on the automotive, marine, urban and rail, electrical and machinery, and construction and consulting sectors; and
- participated, in co-operation with External Affairs Canada, in 56 trade development fairs and 25 missions.

### **Information Technologies Industry Branch**

In its second year of operation, the Information Technologies Industry Branch launched a number of initiatives to enhance the development and growth of the information industry in Canada. In major activities during the year, the branch:

- supported six projects for the development of advanced microelectronics and information technologies systems under the Microelectronics and Systems Development Program (MSDP);
- developed policies, procedures and documentation to launch the information technology component of the Strategic Technologies Program (STP). The objective of STP is to enhance the international competitiveness of Canadian companies by encouraging the formation of alliances to conduct pre-competitive R&D, or to undertake pre-commercial technology application;
- supported several joint high technology R&D projects with European partners under the aegis of the Technological Opportunities in Europe Program and the EUREKA Program;
- co-operated with Supply and Services Canada in the implementation of the federal Rationalization Policy Program, which offers

procurement advantages to Canadian companies committed to industrial development in Canada;

- helped to establish the Canadian Telecommunications Action Committee, made up of 21 companies from across the country with more than 90 percent of the sector's business, to launch government-industry consultations on sector-wide issues;
- contributed to the reorganization of the National Software Working Committee, made up of members of national and provincial software associations, to provide a forum for discussion of industry-related issues;
- Established a Software Industry Liaison Committee to bring together federal and provincial government representatives concerned with the development of the software industry in Canada;
- introduced the Advanced Manufacturing Technology Applications Program which provides assistance to manufacturing industries in the identification of technological measures to improve their competitive status;
- commissioned, in co-operation with the Information Technology Association of Canada, a study on the application of information technology in Canada which led to the development of a publication entitled *Putting the Pieces Together*; and
- initiated consideration of a R&D project into the feasibility of a national high-speed communications network.

### **Service Industries and Consumer Goods Branch**

The Service Industries and Consumer Goods Branch (SICG) is the focal point for departmental activities in the food products, textiles, clothing and footwear, consumer products and commercial service industries. In total, these industries account for close to 50 percent of industrial employment in Canada.

In major activities during the 1988-89 fiscal year, the branch:

- completed the research phase of the Service Industries Studies Program and disseminated over 100 studies on the service sector. Subsequent work involved integration of the major findings and assessment of the policy implication;
- helped establish the Canadian Manufacturers and Retailers Council to provide better linkages between consumer product manufacturers and retailers;

- completed and disseminated Phase II of a study on the competitive needs of the Canadian furniture industry;
- assumed the statistical responsibilities of the Textile and Clothing Board following the Board's amalgamation with the Canadian International Trade Tribunal;
- disseminated analyses and reports on industry issues and market opportunities for a variety of industry sectors, including food processing, industrial design, pet food, trading houses, marine shipping and freight forwarders, distribution industries, and fishery products;
- provided assistance to industry in the development of domestic and foreign markets by sponsoring a variety of market identification trips and missions, including a mini trade-exhibit and fashion show in England involving 13 Canadian apparel manufacturers;
- participated in the negotiation of bilateral restraint agreements on textiles and clothing with four countries;
- provided continued support for the implementation of the FTA, analysis and input on the possible impact of Europe 1992 on Canadian industry, and inputs into the formation of Canada's negotiating position on tariffs and non-tariff barriers at the Uruguay Round of the General Agreement on Trade and Tariffs (GATT) negotiations; and
- expanded networks with industry for exchange of views and co-operation on matters of interest through:
  - meetings of the Food Processors' Interests Fora;
  - meetings of the Canada-European Community Working Group on Processed Foods;
  - ongoing consultations with the Canadian Council of Furniture Manufacturers; and
  - seminars on the venture capital industry, franchising in the United Kingdom, marketing to retailers and the trading house industry.

Other SICG activities have included:

- participation in federal involvement in the development and diffusion of Canadian electronic data interchange systems; and
- advocacy on behalf of groups in policy areas such as competitive input costs, dairy processors' margins and trade harmonization measures.

## **Aerospace, Defence and Industrial Benefits Branch**

The Aerospace, Defence and Industrial Benefits Branch manages the Defence Industry Productivity Program (DIPP) to support strong, export-oriented, defence-related industries, pursues the government's industrial benefits policy through federal procurements and is responsible for civil emergency industrial preparedness planning. Staff gather and disseminate industrial intelligence on the sectors for which the branch is responsible. DIPP spending during the 1988-89 fiscal year was \$248.5 million, up from \$232.8 million the previous year. Highlights during 1988-89 included:

- R&D projects, which accounted for \$149.7 million or just over 60 percent of total DIPP spending, with some 22 percent devoted to source establishment projects and 17 percent to capital assistance;
- expenditures on fast-track cases for small business which totalled \$16.9 million, with 57 fast-track contracts signed for a DIPP assistance total of \$15.6 million;
- 136 new contracts placed in the program as a whole, involving DIPP assistance of \$222.8 million;
- the entrenching of the Canada Annual Procurement Strategy as a strategic planning process involving ministers and the private sector early in the federal procurement process; and
- the announcement, on July 4, 1988, of the Access Small Business Program, which consists of a series of initiatives aimed at assisting small business to gain improved access to government procurement, including the requirement that all major Crown projects worth more than \$100 million incorporate subcontracting and supplier development plans.

The branch contributed to the successful negotiation of a number of Memoranda of Understanding (MOUs) with key Canadian companies in the aerospace and defence fields to establish frameworks for co-operation between the companies and the federal government. The MOUs define long-term objectives, performance targets and procedures for consultation and monitoring.

In co-operation with other government departments, the branch supports Canada's participation in North Atlantic Treaty Organization (NATO) joint development and

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production projects and maintains a presence in North American industrial preparedness planning. Canada's civil emergency planning commitments to NATO were also met through the branch.

Strategies to optimize industrial and regional benefits were advanced for a number of major Crown projects, such as the Canadian Forces Supply System Upgrade project.

### **Resource Processing Industries Branch**

The Resource Processing Industries Branch is subdivided into five directorates: Forest Products, Chemicals and Investments, Metals and Minerals, Advanced Industrial Materials, and Biotechnology and Health Care Products. Activities vary from directorate to directorate according to the characteristics of the sector or technology involved. During the year under review, the branch:

- launched work on the development of a new program to encourage market development and R&D activities in the forest products industry;
- consulted extensively with industry, provincial governments, universities, colleges and research organizations to prepare a government response to the recommendations of the Forest Industry Machinery Task Force;
- developed the Co-operative Industrial and Market Development Program which provides for the development of the secondary wood products industry through a joint funding agreement with the Province of British Columbia and the Council of Forest Industries;
- mounted a concentrated effort to develop markets in Japan for Canadian windows, doors, millwork and kitchen cupboards, and manufactured housing;
- organized, in co-operation with the University of Athens, seminars in Greece on timber-frame construction housing in order to explain its structural, seismic and architectural advantages;
- managed the Co-operative Overseas Market Development Program for British Columbia and Quebec in co-operation with provincial governments and industry associations;
- developed a support service to the Canadian chemicals industry for adjustment strategies related to the FTA;

- developed market and investment evaluations on engineering resins and expanded polystyrene;
- monitored trade data and participated in negotiations with the United States to avoid the application to Canada of U.S. import restraints on steel;
- provided support and monitoring for the Acid Rain Abatement Program, including counselling with respect to the development of a Canada-Ontario agreement on acid rain;
- monitored and provided technical support to the SYSCO Modernization Program;
- played a key role in designing and launching the advanced industrial materials and biotechnology elements of the STP and developed a new advanced industrial materials segment for the Technology Outreach Program (TOP-AIM);
- contributed to the establishment of the Advanced Materials Engineering Centre and the Canadian Advanced Industrial Materials Forum; and
- published a variety of sectoral directories and manuals, as well as 38 sector profiles.

### **Planning, Coordination and Control Branch**

The Planning, Coordination and Control Branch is responsible for providing central planning, administrative and management services and for the development of sector-wide policy positions in response to initiatives originating elsewhere in the department or the government.

In major initiatives during the year, the branch:

- co-ordinated the publication of more than 100 industry sector profiles, carrying out the necessary logistics and organizing a quality assurance function;
- developed and implemented processes for the analysis, review and approval of initiatives proposed for consideration as potential sector campaigns;
- provided a technology transfer information service to the business community; and
- managed the Technology Outreach Program which supports technology centres that seek to accelerate the acquisition, development and application of technology and skills in the small and medium-sized business sectors.

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### **Special Projects Branch**

In 1988-89, the Special Projects Branch undertook strategic financial and economic analyses of several major industrial initiatives including the Alouette Aluminum Smelter Project, the Westray Coal Mine in Pictou County, Nova Scotia, and the Canadair Regional Jet.

Progress was made in adopting private-sector methodology for the strategic analyses of industry sectors, with the completion of several studies.

In addition, work was started on an analysis of the effect of Canadian and U.S. subsidies on investment and production decisions.

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## Native Economic Programs

The Native Economic Programs sector is accountable for the management and direction of departmental programs and initiatives which foster increased native entrepreneurship and economic development. These include the Special Agricultural and Rural Development Agreements (Special ARDAs), the Northern Development Agreements (NDAs) and the day-to-day operations of the Native Economic Development Program (NEDP), which is a special business development program open to all Métis, Inuit, Status and non-Status Indian people in Canada.

During the fifth and final year of its mandate, the NEDP continued to provide assistance to viable native business and economic development initiatives under its three funding categories.

The first — Aboriginal Financial and Economic Corporations — provides assistance to commercially oriented, native-owned institutions which, in turn, provide capital and other financial and business advisory services to native entrepreneurs. During the 1988-89 fiscal year 13 institutions received assistance under this category, representing a total commitment of \$30 146 600.

Community-based Economic Development, the second category, enables the NEDP to support native communities in the development of viable commercial ventures. In 1988-89, the NEDP approved contributions totalling \$3 125 433 to 44 community-based projects.

The third, the NEDP Special Projects funding category, supports native entrepreneurship by providing direct financial assistance to viable business proposals. A total of 224 special projects were approved in 1988-89 for NEDP contributions totalling \$50 811 755.

Under all three categories, the NEDP approved 281 projects, representing a total commitment of \$84 083 788 in 1988-89.

The sector also released the final document in the consultation process, entitled *Report on the Consultation Process on DRIE Native Economic Programs*. The report outlines the conclusions reached by the consultation team on the future direction of the department's native economic programs.

The consultations provided the sector with information, advice and recommendations on the challenges being faced in the field of native business and economic development and suggested improvements in programming to support native entrepreneurship in the most effective and efficient way. The report has served as a point of departure for those charged with the task of designing future government programming in this area.

The majority of the department's programs aimed at native economic development expired on March 31, 1989, as scheduled. New programming initiatives are now being finalized and will be under way in September 1989.

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# Policy

The Policy sector is responsible for leading the development of industry and technology policy for the department, and for influencing the policies of other departments in order to enhance the national business climate and promote international industrial competitiveness, as well as scientific and technological excellence.

The sector has played a major role in shaping the proposed department by supporting the preparation and introduction of Bill C-3 to establish Industry, Science and Technology Canada (ISTC). It has also been one of the groups most affected by the transition to the department's new mandate.

In 1988-89, Policy was reorganized substantially. Its structure now comprises the following branches:

- Entrepreneurship and Small Business Office;
- Industry Policies;
- Technology Policy;
- Trade Policy; and
- Policy Services.

Over the course of the year the sector conducted analyses of economic factors, technology and trade issues which affect industrial competitiveness and market access, small business, strategic policy and direction setting, and undertook consultations and advocacy with client groups, other federal departments and agencies, as well as provincial governments.

## Entrepreneurship and Small Business Office

The Entrepreneurship and Small Business Office (ESBO) supports the Minister of State, Small Businesses and Tourism, in his role as advocate within Cabinet.

The Office is responsible for the development and assessment of national policies and programs affecting the small business community. In this capacity, it conducts or commissions studies and analyses, makes recommendations on policy issues and brings forward policy options on small business concerns for review by the minister or the cabinet.

The ESBO takes the lead in fostering entrepreneurship, promoting awareness of its

benefits, nurturing new and existing businesses, and removing obstacles to start-up and growth by working with other federal departments and agencies, provincial governments, businesses, associations and academic and financial institutions.

## National Policy on Entrepreneurship

Recognizing that the role of Canada's entrepreneurs is the creation of new business and jobs, the government announced a National Policy on Entrepreneurship on August 16, 1988. Its goals are to promote, nurture and remove obstacles to successful entrepreneurship. Measures to help attain these objectives included:

- establishment of a national institute for entrepreneurship;
- assistance to projects that will stimulate the awareness and understanding of entrepreneurship;
- an annual report on the state of small business in Canada to be tabled in Parliament;
- expansion of the Canada Opportunities Investment Network (COIN); and
- a national forum on the future of entrepreneurship in Canada.

Implementation of some of these initiatives began immediately after the announcement.

In October 1988, the Minister of State, Small Businesses and Tourism, established a special Founding Council, made up of leading business people and academics representing all regions of Canada, to establish the National Entrepreneurship Development Institute (NEDI). The NEDI is a non-profit, private-sector organization established for the purpose of promoting and strengthening the entrepreneurship culture and encouraging the creation of new businesses. The NEDI will receive federal funding in the amount of \$2 million over five years.

On January 17, 1989, the Canada Opportunities Investment Network (COIN), a private-sector financial matchmaking service for entrepreneurs and investors, was launched nationwide. COIN complements traditional financing for both entrepreneurs and investors in the venture capital market. The department has provided the

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financial assistance to promote COIN on a national basis.

The International Council for Small Business-Canada (ICSB) was contracted to plan and organize the National Forum on Entrepreneurship to be held in Québec City, in June, 1989. Officials from the regional offices formed a steering committee with ESBO and ICSB to discuss the objectives of the national forum and plan the provincial forums which preceded it.

The National Entrepreneurship Awareness Project was established to raise awareness of entrepreneurship and its economic and social benefits to Canada. The development of a long-term communications strategy to raise awareness of entrepreneurship also was started during this fiscal year.

The Entrepreneurship Awareness Program (EAP), another initiative of the National Policy on Entrepreneurship, was implemented in the fall of 1988. This program offers financial support to projects initiated by non-profit organizations whose major objective is the promotion of the social, economic and cultural benefits of entrepreneurship.

### **Paperwork Reduction**

The Minister of State, Small Businesses and Tourism, continues to co-ordinate efforts to reduce paperburden on small business through the annual paperwork reduction plan prepared by federal government departments. The minister is advised in these efforts by a private-sector advisory committee comprising representatives of small business organizations across Canada.

### **Access Small Business**

In July 1988, the Minister of State, Small Businesses and Tourism, and the Minister of Supply and Services jointly announced Access Small Business, a series of initiatives that gives entrepreneurs better opportunities to compete for federal business through subcontracting requirements, rotational bidding, small-business source development and other programs. A small-business subcontracting plan is required from bidders on contracts between \$10 million and \$100 million, where appropriate. In addition, all industrial benefit packages on major Crown projects worth more than \$100 million must now include both small business subcontracting plans and supplier development plans.

The ESBO continues to work closely with other branches of the department, Transport Canada, Supply and Services Canada, and National Defence on the Small Business Source Development Program, a joint project with the Aerospace Industries Association of Canada.

### **Small Business Data Base**

During the year under review the Small Business Data Base, a project funded jointly by the department and the provinces and territories, published:

- a new set of *Small Business Profiles* for 50 industries (operating information for entrepreneurs and bankers);
- *Employment Dynamics in — Focus on Canada's Service Sectors 1978-1985* (data on job creation, growth of businesses, etc.); and
- *Wage and Salary Profile* (of people employed in business).

A special survey on business start-ups in Canada was conducted. This information was gathered to assist all levels of government in making policy decisions for future programs.

### **Special Projects**

As in previous years, the ESBO is a major participant with the minister in the small-business activities held in the last week of October, which has come to be known as Small Business Week.

The Office and the Service Industries and Consumer Goods Branch, in co-operation with the Canadian Advanced Technology Association (CATA), developed a course to improve the strategic marketing skills of advanced technology firms. These courses are to be given initially as pilots in two locations and later implemented across the country.

A study was undertaken with CATA to identify the factors which encourage or inhibit the start-up and growth of advanced technology firms in Canada. The conclusions of the study should assist in developing appropriate policies in response to these factors.

### **Consultations**

As noted above, the National Policy on Entrepreneurship included an initiative to hold a National Forum on Entrepreneurship in the spring of 1989. In March, provincial forums were held to obtain regional points of view on key issues to be discussed at the National Forum, scheduled for



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June, and to select delegates representing the business, financial and academic communities.

The Federal-Provincial-Territorial Committee of Senior Officials Responsible for Small Business met on March 8 to 10, 1989, at Meech Lake. Its discussions focused on:

- exchanging information on small business policies and programs in each jurisdiction;
- preparing an inventory of small business information networks that are available or coming on stream in each jurisdiction;
- recommending ways to promote entrepreneurship awareness and education; and
- assessing the need to bring together the many players in community economic development and exploring ways to better co-ordinate their efforts in using entrepreneurship and small business development as a tool for community economic development.

Another group, the Federal-Provincial-Territorial Counterparts Responsible for Women Entrepreneurship, had met earlier, on November 24 and 25, 1988, in Winnipeg. Its discussions had focused on:

- sharing information on policies and programs for women entrepreneurs;
- recommending ways to promote non-gender-specific programs to women; and
- assessing the need for gender-specific programs and policies.

Consultations on small business financing, particularly in the context of the *Small Businesses Loans Act* and the FBDB, were undertaken during December and January with a broad range of groups and individuals including entrepreneurs, small business associations, bankers, financial institutions, venture capitalists, academics and federal, provincial and municipal government representatives.

Regular consultations were held with the Small Business Committee of the Aerospace Industries Association of Canada regarding potential areas of co-operation and assistance, particularly with regard to improving their exporting capabilities.

Officials and senior management of ESBO, as well as the minister, also met or consulted with many other associations during the year on issues such as the entrepreneurship policy, small business financing, bank service charges, etc.

## Industry Policies Branch

The Industry Policies Branch was established to undertake analyses and assessments of the competitiveness of Canadian industry, to develop departmental positions and advocacy activities aimed at improving the climate for doing business in Canada and to establish a framework, criteria and priorities for sector policies.

During the year, the branch:

- developed and presented to senior managers a report entitled *The Human Dimension of Competitiveness* on the interests of the department in the area of human resource development, and initiated work on an action plan;
- in support of the Intergovernmental Task Force of Officials on Internal Trade, undertook consultations with national professional associations on the interprovincial mobility of professionals in Canada;
- established departmental working groups and led interdepartmental consultations on environmental issues and intellectual property;
- conducted analysis on issues such as competition policy, consumer protection, transportation and telecommunications regulation;
- in co-operation with the Department of Finance and Revenue Canada, developed legislative proposals to eliminate tax-policy discouragement of pre-competitive research consortia;
- sponsored an analysis of technology investments by Canadian venture capitalists, and produced a review paper on the Quebec Stock Savings Plan;
- participated in a continuing research project, in co-operation with CATA, on the financing of small high-technology firms;
- led the interdepartmental formulation of a government response to the recommendations of the Procurement Committee of the National Advisory Board on Science and Technology;
- managed a survey of 900 companies on intellectual property rights in order to assist Canada's GATT trade negotiators and guide policy development;
- provided briefings and analyses to senior officials and ministers on federal and provincial R&D tax incentives, the impact of tax reform, capital cost allowances, Canada-U.S. corporate tax comparisons, various aspects of the proposed goods and services tax, tax treatment of Registered

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Retirement Savings Plans (RRSPs) as a business financing mechanism, the role of banks in financing small companies and of federal and provincial budgets;

- carried out a comparative analysis of the sector policy approaches of Canada and other Organization for Economic Co-operation and Development (OECD) countries;
- contributed analysis and advice to the development of criteria and a selection process for sector campaigns, as well as to the development of policy positions in several industry sectors;
- developed a competitiveness analysis framework which will guide the department's analytical efforts;
- produced a working paper entitled *Competitive Performance Analysis for Effective Policy: The Contribution of a Competitiveness Grid* which focuses on trends in market share of various industries and associated policy implications;
- co-ordinated the development of the outlook for industries and provinces with the Department of Finance;
- carried out a survey of capital investment intentions of large firms in April-May 1988 and published its results;
- updated the sectoral trade data base using the new harmonized system of commodity description and coding, and published annual reports summarizing Canada's trade by industry sector;
- produced a statistical compendium with commentary on Canada's international trade performance and competitiveness;
- maintained statistical data bases, such as Dun and Bradstreet;
- reviewed past federal science and technology (S&T) performance and future federal S&T spending plans;
- analyzed R&D spending at the regional, national and international levels and provided advice to ministers on the basis of these analyses; and
- published *Selected S&T Statistics*, a booklet for public distribution, and *S&T Resource Allocation Statistics*, a factbook for analysts.

### **Technology Policy Branch**

The major accomplishment of the Technology Policy Branch was the launching of the department's new Strategic Technologies Program, which builds upon earlier policy work and represents a key element in the efforts of the federal government to help industry respond to the challenges being brought about by rapid

technological change. The program is designed to strengthen the capability of industry to develop and apply technologies that are important if Canada is to capture new market opportunities and maintain its standard of living. The major emphasis is on the support strategic alliances for pre-competitive R&D and applications of leading-edge technologies in three fields — biotechnology, advanced materials and information technology.

The branch, which is responsible for providing secretariat and analytical support for the National Biotechnology Advisory Committee (NBAC), completed the work necessary to change its membership and mandate. The committee's current mandate is to develop a long-term strategy and business plan for private and public-sector investments in biotechnology.

In the international sphere, the branch represented Canada on the Committee for Scientific and Technological Policy at the OECD. As well, staff played a major role in representing Canada in meetings with the Government of Japan to design the Human Frontier Science Program.

The branch also prepared various publications, such as the annual report of the NBAC, and source books for biotechnology and advanced materials which identify the R&D capabilities and activities in Canada.

### **Trade Policy Branch**

The major thrusts of the work of the Trade Policy Branch during the year were advocacy of Canadian industrial and technology policy interests in the formulation of Canadian trade policy, involvement in the implementation of the Canada-U.S. Free Trade Agreement (FTA) and the Uruguay Round of Multilateral Trade Negotiations (MTN), and co-ordination of departmental interests in such international program initiatives as the Going Global trade strategy.

The Bilateral Trade Policy Directorate was heavily involved in activities associated with the passage and implementation of the FTA, including responses to industry queries, industry presentations, support for Advisory Council on Adjustment deliberations, development of new business services to help and encourage firms to adapt to post-FTA markets, and monitoring of bilateral trade issues and irritants. The directorate also was heavily engaged in the "new

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issues" (services, investment measures and intellectual property) at the MTN, in an export-financing policy review, and in supporting work on the resolution of interprovincial trade barriers. The group also was responsible for managing Canada-EC industrial co-operation activity and co-ordinating departmental involvement in the work of the government task force assessing the implications for Canada of the Europe 1992 initiative.

The Multilateral Trade Policy Directorate's major role was as departmental focal point for the Uruguay Round. The directorate prepared substantive background papers for a number of the specific MTN negotiating groups, contributed interdepartmentally toward the development of Canadian negotiating positions and participated directly on negotiating teams. Other work included preparations for GATT dispute settlement panels, analysis on the accession of several countries to the GATT and on many sectoral and issue-specific trade actions. The directorate also led the Canadian delegation to the OECD Industry Committee.

### **Policy Services Branch**

The Policy Services Branch provided a broad range of services in the following areas: federal-provincial relations on industry, science and technology matters, preparation and co-ordination of departmental briefings for ministers for cabinet committees, corporate planning, monitoring and consultations with the private sector and the evaluation of departmental programs and services to business.

The Federal-Provincial Relations Directorate was in a period of transition during 1988-89. Milestones included the transfer of responsibility for three science and technology sub-agreements in British Columbia, Quebec and New Brunswick from the Federal-Provincial Agreements Division in headquarters to the regional offices in those provinces and the continuation of work in support of the Council of Science and Technology

Ministers. In addition, negotiations on barriers to internal trade have resulted in a draft agreement on procurement which federal, provincial and territorial ministers have agreed to recommend to first ministers for consideration. Another key achievement has been the planning and organization development to launch the new, integrated Federal-Provincial Relations Directorate in 1989-90.

The Cabinet Briefing Unit co-ordinated and prepared departmental briefings for departmental ministers prior to cabinet committee meetings, provided ongoing liaison with ministers' offices, co-ordinated the preparation of the transition briefing books and designed, tested and managed the sector's electronic communications network.

The Corporate Planning and Monitoring Directorate continued its primary functions of managing the process which determines the strategic direction and priorities of the department, co-ordinating the development of related operational plans for the department's various responsibility centres, monitoring performance against plans and reporting to Parliament on departmental achievements and plans through preparation of Part III of the Main Estimates. In addition, the directorate was involved in preliminary work to develop a strategic approach and databank to support the sector's consultation activities with selected national associations and research groups.

The Evaluation Directorate continued to provide senior management with information and advice on the continuing relevance, results, performance and cost-effectiveness of national programs and services to business. During the year under review, studies were completed on:

- the Special ARDA Program;
- the Technology Opportunities in Europe Program; and
- the Canada Awards for Business Excellence.

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# Tourism

The year under review was another successful one for the Canadian tourism industry, setting an all-time record high for receipts from international visitors. Visitors from the United States generated \$4.3 billion in expenditures in 1988, while overseas visitors spent \$2.6 billion. Overnight visits by overseas visitors were up 20.3 percent, and overnight visits by the U.S. visitors were up 0.4 percent over 1987.

## Market Development

The Market Development Branch, which works with the foreign and Canadian travel industries to increase international travel to Canada, delivered comprehensive and integrated advertising, public relations and travel industry development campaigns in Canada's primary international markets — the United States, the United Kingdom, Japan, the Federal Republic of Germany and France.

In this context, for the year under review, the branch:

- mounted 60 individual advertising campaigns in the United States, Europe and the southeast Asia, including more than 40 co-operative campaigns with public and private sector partners, which attracted \$4.9 million in joint funding;
- in addition to the traditional spring, summer and fall advertising campaigns in the United States, implemented a ski/winter campaign, providing for the first time, a year-round communications presence in the marketplace;
- undertook joint, award-winning television campaigns in the United Kingdom with Air Canada, and in Japan with Canadian Airlines;
- through the Tourism Marketing Council, acted as a central catalyst for the development of marketing plans, strategies and joint industry-public sector activities;
- delivered the first-ever American Society of Association Executives/Canadian Society of Association Executives joint meeting in Toronto to showcase Canada's meeting and conference facilities;
- negotiated a three-year, product-driven joint marketing agreement with Air Canada and delivered first-year activities in the United States, the United Kingdom, the Federal Republic of Germany and France;
- delivered a federal presence at the Summit Square in Toronto designed to address the travel interests of the visiting international delegates;
- produced and distributed Market Assessment Reports on the United Kingdom, Japan, the Federal Republic of Germany and France to the Canadian tourism industry and to foreign tourism industry partners; and
- organized a major Canadian presence for the Pacific Asia Travel Association's 1989 Travel Mart in Bali and Singapore in support of the upcoming 1990 events to be held in Canada.

## Product Development

In March 1988, a Federal-Provincial-Territorial Annual Conference of Tourism Ministers and an Industry Symposium with Tourism Ministers were held. Participants at both meetings considered a document published by Tourism Canada entitled *Challenges in Tourism Product Development*. As a follow-up to the meetings, the first five-year comprehensive tourism development plan was drafted to guide the development of an internationally competitive Canadian tourism industry.

For the year under review, the Product Development Branch also:

- completed the first phase of a knowledge base on a number of specific products, e.g. adventure travel in western Canada, cruising on the east Coast, native tourism products, and fishing and hunting products;
- organized, in conjunction with Communications Canada and the Secretary of State (Multiculturalism), the first national conference on tourism, culture and multiculturalism, scheduled for April 1989, in Montreal;
- participated with the new Department of Western Economic Diversification (WD) and the Canadian Parks Service on an interdepartmental committee to plan the development of the Queen Charlotte Islands;
- organized Rendez-vous Canada 1988, Canada's major annual travel trade marketplace;
- organized the participation of the minister in National Tourism Awareness Week;

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- analyzed the impacts of tax reform on the tourism industry and provided information to industry associations and to the Department of Finance;
  - established contacts with the new Atlantic Canada Opportunities Agency and WD on tourism planning and development for those two regions of Canada;
  - worked with national industry associations and Employment and Immigration Canada in the development of job standards and certification programs; and
  - supported the regional offices and the minister in the general management of the 12 ERDA tourism sub-agreements, and provided advice on specific project assistance proposals.

### **Research Branch**

The Research Branch focused its efforts on increasing the analysis and dissemination of tourism research material while continuing to serve the needs of its prime clients, i.e. the Tourism market and product development directorates.

Over the course of the year under review, the branch:

- introduced major improvements in the design of the International Travel Survey;
- under a joint research agreement between Tourism and the United States Travel and Tourism Administration, undertook pleasure-travel market studies for Australia, Mexico, Brazil and Italy;
- initiated two major studies with the Canadian Tourism Research Institute: one on the impact on tourism of the Phase II Tax Reform and a second on the unification of Europe in 1992 and its impact on Canada's tourism industry;
- undertook advertising-tracking studies in the United States, Japan, France and the Federal Republic of Germany to evaluate the effectiveness of international Tourism advertising campaigns;
- as part of the commercial intelligence program, issued the monthly *Tourism Intelligence Bulletins* to alert the tourism industry in Canada to trends, opportunities and problems;
- handled more than 2800 inquiries through the Tourism Reference and Documentation Centre; and
- entered into contracts with the Pacific Asia Travel Association for market studies on Taiwan and the Republic of Korea.

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# Finance, Personnel and Administration

The Finance, Personnel and Administration sector provides overall direction on departmental human resource objectives, policies and programs, and advises senior management on resource and financial aspects of policies and program proposals being prepared for scrutiny by Cabinet, Treasury Board and other external agencies. The sector comprises the Comptroller's Branch, the Information Management Branch, the Human Resources Branch, the Administrative Services Branch, and the Access to Information and Privacy Office.

## Comptroller's Branch

The Comptroller's Branch is accountable for the application of professional accounting and financial and resource management standards and practices for all policies and programs of the department.

The following four directorates form the branch:

- the Resource Management Directorate, which is responsible for advising departmental managers on resource planning, allocation and controls, and for preparing financial documents including departmental budgets, monthly resource management reports, main and supplementary estimates, and multiyear operational plans;
- the Accounting and Financial Control Directorate, which has the responsibility to account for and control the financial resources of the department;
- the Financial Policy and Systems Directorate, which is responsible for financial information systems, policies, and practices; and
- the Contribution Verification Directorate, which develops and implements policies, processes, standards and procedures related to the audit of projects under the departmental assistance programs and provides functional direction to regional and headquarters personnel involved in project audit.

## Information Management Branch

The Information Management Branch is responsible for direction and control in the management of the department's information resources.

Its activities include:

- preparation of policies, standards, plans, and strategies;
- administration of the corporate data bases and provision of data management services;
- management and support of projects to develop, operate, and maintain computer-aided information systems; and
- provision and operation of all mainframe and minicomputer facilities, including hardware, telecommunications and office automation networks.

## Human Resources Branch

The Human Resources Branch is responsible for:

- providing direction and advice on the development and administration of policies, programs, practices and systems on human resources;
- ensuring that statutory and central agency requirements are met in personnel administration, classification, staffing, employee relations, counselling, compensation, human resources planning, employment equity and official languages; and
- advising on organization design and human resource management for the implementation of the new Industry, Science and Technology Canada (ISTC).

## Administrative Services Branch

The Administrative Services Branch is responsible for the provision of all corporate administrative services at headquarters, and for providing direction to these activities in the regions.

These services include:

- facilities management;
- telephone services;
- security services;
- contracts, inventory control, forms management and printing;
- library services;
- administrative policy, manuals and passports; and
- records management and mail services.

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## **Access to Information and Privacy Office**

The Office is responsible for:

- developing policies and procedures on access to information and privacy issues;
- advising senior management on the administration of the legislation and dealing with cases;
- assisting the public with access requests; and
- approving departmental information collection proposals in accordance with government policy.



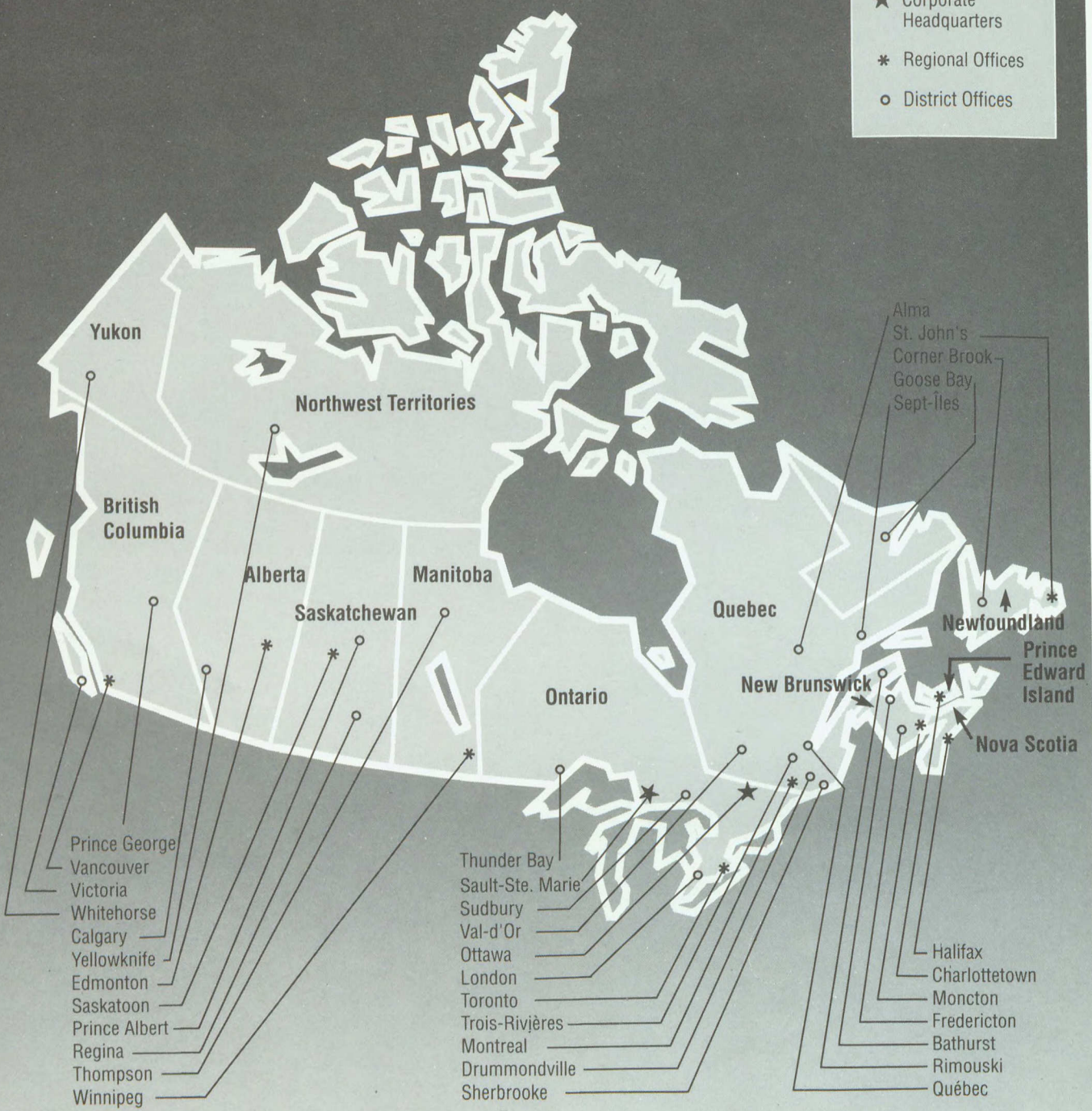


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# THE REGIONS

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- ★ Corporate Headquarters
- \* Regional Offices
- District Offices



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# Newfoundland

During the year, the Newfoundland Regional Office completed the transition from a program-delivery mode to a services-to-business mode of operation, with almost all resources dedicated to technology and industrial services, trade and market development, business information and an advocacy role for its clients. Activities included the identification of new technology to make local industry more competitive, assisting industry in pursuing business opportunities, and trade development for exporters and potential exporters.

## Industrial Development

The regional office co-ordinated several incoming and outgoing missions related to defence procurement and the Hibernia offshore oil development. The office worked with a number of Newfoundland companies to help them upgrade their capability to bid on contracts related to defence procurement and the Hibernia development.

Activities included a visit to Newfoundland by representatives from General Dynamics of Detroit to outline potential business opportunities, participation by six Newfoundland companies in the Atlantic Canada Defence Mission to Boston to investigate defence-related opportunities in the New England area, and assistance to enable local companies to participate in a defence-related electronic communications show in Los Angeles. In offshore business development, the department actively participated in Offshore Europe '88 and co-ordinated a number of incoming missions, including one led by the British government.

The Newfoundland office took the lead in developing a proposal for a sector campaign in the fish products sector and is represented on the departmental fisheries-sector team which has responsibility for carrying this initiative through to approval and implementation.

Under Economic and Regional Development (ERDA) subsidiary agreements, the industrial thrust of the office was directed towards pulp and paper mill modernization and tourism.

Work continued on the modernization of the Kruger Inc. pulp and paper mill at Corner Brook, including the addressing of pollution problems.

In tourism development, highlights were:

- a start on the construction of the Newfoundland Freshwater Resource Centre in St. John's, partially funded under the Tourism Subsidiary Agreement;
- funding for participation by Newfoundland operators in a major marketing initiative — Sea Sell '89;
- provision of funding for the design and installation of snow-making equipment at Marble Mountain Resort in western Newfoundland;
- completion of an accommodations requirements study and tourism development studies for the southwest coast and central Labrador;
- organization of a major Cruise Ship Symposium involving participants from the international marketplace;
- formation of tourism sub-sector organization supported with Atlantic Canada Opportunities Agency (ACOA) funding (i.e. Marine Adventures Association); and
- introduction of the Tourism Is Your Business — Marketing Management program to community colleges.

Other regional industrial activity included sponsorship of the provincial forum on entrepreneurship and a seminar by the Waterloo Innovation Centre on the identification and commercialization of new product ideas.

## International Trade

The International Trade Centre became fully operational during the year, assisting the Newfoundland business community to explore export markets.

In international market development, staff participated in twenty business missions and numerous international trade shows. The Program for Export Market Development (PEMD) continued to support Newfoundland exporters attending trade fairs and pursuing marketing ventures outside Canada.

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Highlights included:

- formation of a consortium of smoked fish producers;
- funding of marketing missions to the United States and Europe involving the production and marketing of bottled lumpfish caviar;
- planning for Newfoundland's first international seafood marketing conference;
- continued work with the Sealer's Co-operative and the provincial government in market development areas;
- levered funding to undertake a fish-skin leather marketing strategy paper aimed at future industrial development; and
- provision of PEMD financial assistance to a local silver-fox breeders consortium for international market development.

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## Prince Edward Island

During 1988-89 the Prince Edward Island Regional Office assisted in trade and tourism development, participated in the Northumberland Strait Project, and led a project aimed at greater utilization of potatoes through bioconversion.

### **Industrial Development**

In the tourism sector, the department participated with the provincial government and the private sector in developing eight strategic principles to guide tourism growth in the province. As well, under the Tourism Subsidiary Agreement, a record number of visitors were attracted to the island. Visits totalled 715 000, an increase of 1.7 percent over the previous year, and a rise for the fourth consecutive year.

The International Trade Centre continued to provide support to local firms in their effort to expand exports of goods and services. Under PEMD, 21 firms received assistance valued at \$100 413 and, through the New Exporters to Border States program, 13 P.E.I. firms were able to explore new markets in the New England States.

Efforts to secure economic development from the proposed construction of a fixed crossing between Prince Edward Island and New Brunswick were continued by the Regional Industrial Benefits Subcommittee chaired by the department.

In co-operation with the provincial government and potato processors, the department explored the potential value of extracting sugars, starches and other chemicals from potatoes not suitable for traditional uses.

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## Nova Scotia

During 1988-89, the Nova Scotia Regional Office managed three economic development agreements and developed and negotiated four major industrial projects.

### Industrial Development

Staff provided the major impetus in encouraging a consortium of private sector and university interests to establish a \$9-million Halifax-based Advanced Materials Engineering Centre (AMEC). AMEC, set up to respond to the growing market for advanced materials, will receive \$4.5 million for equipment and operating expenses from the department.

Staff monitored the \$427 million Federal Government - Lavalin Agreement under which the company bought the Trenton Works division of Hawker Siddeley. The government's share — \$127 million — represents about 25 percent of the funds required. Lavalin will commit the balance for facilities modernization, product diversification and financing of rail-car sales.

The office negotiated with a number of firms to encourage major new investment in the province. Negotiations with Louisiana Pacific, a major U.S. forest-products firm, resulted in the establishment of a \$64.5 million gypsum board plant in Point Tupper, Cape Breton. The project, which will create about 100 jobs for Nova Scotians, will use new technology and Nova Scotia gypsum resources, and increase the province's exports. Departmental staff also managed the agreement between Canada (DRIE and CEIC) and Cape Breton Precision Components-Magna on establishing a Magna auto parts capability in Cape Breton. At year end, discussions were continuing on other possible investment projects.

The office produced two quarterly newsletters. *Innovations*, funded by the ACOA Technology Transfer Agreement, served to increase awareness of developments in the Nova Scotia high technology community, while *Nova Scotia Export News*, an exporting newsletter, highlighted Nova Scotia success stories in trade.

During the year, activity at the office began to reflect the priorities of the new Industry, Science and Technology Canada (ISTC). Staff undertook consultations on the new ISTC mandate and business priorities with about 40 business and

institutional groups, boards of trade and other client groups. These events outlined ISTC priorities, including the provision of business information. The office also sponsored seminars on business opportunities in major capital projects, and a series of science and technology information seminars.

In 1988-89 the International Trade Centre (ITC) began operations in the Nova Scotia office. These centres were established with External Affairs Canada to improve federal government service to Canadian exporters. The ITC has direct connections with the Canadian trade posts in over 100 locations around the world. These are now more accessible to the Nova Scotia exporting community, along with various other export services, programs and trade information, through the ITC in Halifax. The ITC operated an active program of export promotion events. This year saw a focus on promoting and explaining the Canada-U.S. Free Trade Agreement (FTA) and using the New Exporters to Border States (NEBS) program to educate new exporters. The result was a much increased level of response from the business community — a 50 percent increase in the number of PEMD applications. Working with the provincial government and local boards of trade and institutions, the Nova Scotia office sponsored a number of educational seminars on exporting.

### Economic Co-ordination

Through participation on the Management Committee and the Program Management Group, staff managed the implementation of the SYSCO II Modernization Agreement. The federal government will provide up to 70 percent of the modernization cost to a maximum of \$110 million, while the province of Nova Scotia will contribute the remainder, and will also finance a \$100-million universal rail mill.

Staff played an active role to assist the ACOA in the delivery of the Canada-Nova Scotia Technology Transfer and Industrial Innovation Subsidiary Agreement. Several R&D projects were undertaken in collaboration with universities and industry, informing industry of the benefits of computer-aided design and manufacturing (CAD-CAM) through an extensive education program, and aiding the small business sector with

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assistance to approximately 100 high technology projects.

Thirty-seven projects were funded under the Canada-Nova Scotia Tourism Subsidiary Agreement. The Sou'Wester Gift and Restaurant Company Limited received \$457 500 to enhance public services at Peggy's Cove, one of Nova Scotia's most popular tourist attractions. Building on a previous success, the office provided financial assistance to a unique international tourism marketing venture. Sea Sell '89, a floating trade show, was larger than in 1987 and, in addition to Boston, added two new ports-of-call — New London, Connecticut, and New York. The 300 tourism industry personnel from Nova Scotia were joined by 50 from Prince Edward Island.

The Tourism Industry Association of Nova Scotia received funding for a series of marketing seminars, and for the development of an Atlantic Canada Accommodations Grading System.

Assistance also was provided to establish the Anne Murray Centre at Springhill and the Nova Scotia Museum of Industry and Transportation at Stellarton.

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# New Brunswick

During 1988-89, the New Brunswick Regional Office in Moncton underwent a number of changes as human and financial resources were re-aligned to meet the challenge of translating the department's new mandate into action.

## Industrial Development

The ERDA subsidiary agreement on tourism development expired at the end of the fiscal year as far as commitments were concerned, but the construction and payout period was extended to March 31, 1992 to allow for the completion of a number of public sector infrastructure projects under the Travel Generator program. Federal expenditures under this agreement amounted to over \$4.7 million in 1988-89.

Two major projects got under way during the year. The first was a 33-tonne/day pilot plant built by Repap Enterprises in Newcastle to develop and test a new alcohol-based technology (ALCELL) process for the production of pulp. The department shared half the cost of this \$65 million project. The second was the start by East West Caribou Mining Limited of a \$40 million lead/zinc mining and milling operation in Northeast New Brunswick with a \$3.9 million interest buy-down contribution from the department.

The International Trade Centre (ITC) was established in Moncton in July to manage the delivery of trade services and programs to the business community. The centre organized two new exporters' missions to Boston involving a total of 30 companies, and helped several other

companies participated in trade shows outside the country. Free Trade Seminars were held in Moncton, Fredericton and Saint John during the year, and the ITC organized the New Brunswick portion of an Incoming Buyers' Military Mission from Malaysia. Fifty-four PEMD applications amounting to close to \$0.1 million were approved during the year under review.

The regular export newsletter was expanded in scope to cover technology, investment and industrial issues. *ISTC New Brunswick*, now published quarterly, has a circulation of close to 3 000.

Development continued on the technology transfer program, *DISTCcovery*, an innovation program to acquaint business people with new technologies and products available for manufacture or distribution. A marketing strategy was developed and a travelling exhibit designed to take the *DISTCcovery* program around the province.

With the new mandate in mind, the New Brunswick office undertook targeted intelligence-gathering activities in a number of key industrial sectors. Considerable effort was expended in developing the office's service-oriented role *vis-à-vis* its business clients.

Extensive renovation of the office premises incorporated space for an integrated Business Services Centre which will function as an entry point for all clients to the entire range of services and programs available through the department.



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# Quebec

In Quebec, the department intensified its industrial development efforts, particularly in high-technology sectors. The year was marked by the signing of two major federal-provincial agreements focusing on the economic development of the regions of Quebec.

## Industrial Development

Under the major projects component of the Canada-Quebec Subsidiary Agreement on Industrial Development, the management committee authorized the payment of two additional contributions to Quebec companies. As a result, more than 93 percent of the budget for this item has now been committed. In addition, contributions totalling \$8.2 million were provided to 21 municipal governments for the development of industrial infrastructure. Since the signing of the agreement, 56 municipalities have received assistance amounting to 90 percent of the money set aside for this item.

The regional office also promoted and started up two new business assistance programs in the central and resource regions of Quebec. Management workshops on various themes, such as innovation, exports, product development and management improvement, were organized for business managers, particularly those of small or medium-sized businesses.

With respect to export assistance, 1988-89 witnessed the establishment of the International Trade Centre. Of the almost 900 applications reviewed by the centre, 631 were approved for a total disbursement of nearly \$6 million. The centre co-ordinated the activities of Export Trade Month, hosted 47 foreign missions and participated in a dozen industrial and trade shows. Several clinics also were organized in various parts of the province on free trade and its implications, and on export markets for various products.

In concert with sectoral interest groups and associations, the department conducted 11 clinics on competitiveness and productivity to encourage companies to adopt new technologies. It also hosted eight foreign missions seeking distinctive products, co-operation agreements and business associations. The department also led a major biotechnology mission to Japan and completed a study on the prospects of this sector in Quebec, as well as on the international canvassing strategies

to be adopted. Finally, in response to the Picard Report's recommendations, several projects in the fashion sector received tangible support from the department.

In the resource industries, the department took a hand in the development of the Noranda, Alouette and Pétromont projects. In the microelectronics, telecommunications, aeronautics and transportation equipment sectors, the department participated in the organization of eight missions to promote the capabilities of industries in these sectors internationally.

Other sectoral initiatives by the department in 1988-89 included a market study on defence industry capabilities, support for the Centre d'initiative technologique de Montréal [Montréal Technological Initiative Centre] and assistance in preparing the conference on technology and energy.

Under the Canada-Quebec Subsidiary Agreement on Tourism Development, 134 projects received contributions, bringing to \$12.1 million the total amount committed under this agreement. The main contributions were for the development of a shoreline park on Lac Memphrémagog, the expansion of two of Quebec's ski resorts (Mont Tremblant and Mont Ste-Marie), the construction of infrastructure for the Grand Prix of Montréal auto race, and the establishment of two new components for the marketing of alpine skiing and outfitting services to improve the marketing of Quebec tourism in the U.S. market.

## Economic Co-ordination

The Federal Economic Development Co-ordinator's Office (FEDCO), in 1988-89 continued its activities in co-ordinating the agreements under the ERDA.

After intense negotiations with the government of Quebec, two new Canada-Quebec agreements were signed:

- a memorandum of understanding (MOU) on economic development in Quebec, for which the two governments provided an increase in the budget envelopes of certain existing subsidiary agreements under the ERDA (this additional effort, shared equally, could reach \$150 million by March 31, 1990); and

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- the new Canada-Quebec Subsidiary Agreement on the Economic Development of the Regions of Quebec.

The new Subsidiary Agreement represents a commitment of \$820 million over the next five years, \$440 million of which will be provided by the Government of Canada. Under its terms, the federal government has authorized the establishment of two new, concerted federal programs: the Manufacturing Productivity Improvement Program (MPIP) in the central regions of Quebec (\$100 million) and the industrial component of the Enterprise Development Program (EDP) in the resource regions of Quebec.

The industrial component of the EDP, together with the tourism component which is currently under development, will be allocated a budget envelope of \$100 million. As provided under the subsidiary agreement, the FEDCO established, jointly with the Quebec government, consultative committees in each of the province's five resource regions.

The federal government's eastern Quebec private forest development program was renewed for another five-year period. An additional \$40 million will be devoted to this program.

A memorandum of offer between the federal and Quebec governments and the municipality of Matane was signed for the construction of host infrastructure required for the Matane pulp mill. The government agreed to provide a budget envelope of as much as \$24.5 million for this purpose.

The department also began implementing the Industrial Recovery Program for East-end Montréal, for which an envelope of \$35 million has been set aside.

The federal, provincial and municipal levels of government also combined to finance a round-table organization for the promotion of East-end Montréal. The federal share amounts to \$50 000 annually for a period of three years.

After consultations with the private sector, the Quebec government and other agencies, FEDCO continued to provide advice and assistance to the DRIE ministers and to other departments on regional and economic development policy issues and projects.

The secretariat for the development of the Montréal Region, under the direction of FEDCO, pursued its mandate to co-ordinate and follow up on government actions stemming from the Picard Report, with particular emphasis on seven preferred axes of development: international activities, high technology, international trade and finance, design, cultural industries, tourism and transportation.

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# Ontario

In 1988-89 the Ontario Regional Office continued its administration of the Canada-Ontario Tourism Development Agreement (COTDA), and the Industrial and Regional Development Program (IRDP). It also played an important supporting role in the establishment and operation of the Federal Economic Development Initiative for Northern Ontario (FedNor).

Work on these three capital-funded programs, while important, was overshadowed by the growing variety and flexibility of the non-funded services being developed under the department's new role.

## Industrial Development

After June 30, 1988, applications for IRDP were no longer being accepted. This measure is the first step in bringing IRDP to a close after five years of operation. Some 180 applications arrived before the deadline. When the fiscal year ended, 664 IRDP cases were being monitored, of which 345 carried commitments for payments.

Under the COTDA two major projects were underwritten through federal funding: the Langdon Hall Country House Estate (a historic country mansion near Cambridge being converted into an exclusive meeting and recreation centre for \$1.5 million) and the Hockley Valley Resort (a ski resort and conference centre near Orangeville being upgraded for \$2.5 million). A study was issued that describes the work of COTDA to date.

The Toronto office was in charge of co-ordinating the special publicity aimed at the 4000 delegates of the American Society of Association Executives, who are responsible for booking most of the major business and leisure conventions in North America. In June, the group held its convention in Toronto — the first time its meeting has been held outside the United States.

The office also published the third edition of *The Ontario Book*, a trade catalogue of tourist facilities and services in the province.

The International Trade Centre was established in June 1988 to provide "one-stop shopping" service for Canadian exporters by having data from External Affairs Canada and its information network flow directly to the Ontario Regional

Office, and by increasing the number of rotational foreign service officers in Ontario.

During the year, Ontario manufacturers took part in about 70 missions abroad, including several foreign trade shows arranged by the office. The recruitment of companies for these missions was looked after by Ontario sector officers. The missions included:

- the Economic Development Officers' European Mission: an 18-day mission, in February 1989 (the first by development officers from Ontario cities to markets in Europe), which took nine officers from eight cities to the United Kingdom, the Federal Republic of Germany, Holland, Italy, and France;
- a mission to Italy which laid the groundwork for long-term research being carried out, in co-operation with the Italian government, on advanced technologies; and
- two missions, made up of six biotechnology-based companies each, which visited Japan and France to compare technologies and seek co-operation.

About 80 missions from abroad visited Ontario, usually made up of between eight and 12 delegates.

Trade Shows Made Profitable was a popular workshop held 10 times in various Ontario cities. It was sponsored by the department through a \$6000 contract with a marketing expert. A total of 500 business people attended.

Under PEMD, 1326 applications were received and 940 approved for a total of \$5 302 183 in authorized federal funds.

During Export Marketplace the office registered more than 1600 appointments and more than 500 companies held private discussions with trade commissioners from abroad. The three-day sessions were part of the 1988 Export Trade Month activities in Toronto.

Over the rest of the year, some 100 additional company-trade commissioner meetings were set up — meetings specifically requested by trade commissioners with individual southern Ontario companies.

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More than 100 business persons attended each of 12 Free Trade Workshops held in southern Ontario locations during the late summer and fall of 1988. Cabinet ministers took part, answered questions and explained the FTA to businesses.

In November 1988, about 250 delegates attended the Canada-France Symposium on Advanced Technologies (SYTECH) in Toronto, which examined robotics, biotechnology, health and medical equipment and environmental technology.

The Hamilton-Wentworth Technology Transfer Project is a co-operative effort by business, government and educators to study the technology needs of small and medium-sized manufacturers, with a view to strengthening the transfer of technology to smaller companies. The project, started in 1988, now awaits the results of an independent survey that will outline the technology needs for the area.

The University-Industry Mission to the United States was launched. Representatives of five Ontario universities visited California, Georgia, and Massachusetts and held discussions with companies and universities in an effort to bring R&D activities and funds from the United States to Ontario.

Arrangements were made with the Canadian Foundry Association to help it research sand-recovery methods in Europe. Similarly, the Ontario Furniture Manufacturers Association was given assistance with technology transfer in West Germany and Italy.

New programs, such as the Automotive Components Initiative and the Microelectronics and Systems Development Program, were established during the fiscal year. The Ontario Regional Office co-operated with headquarters in promoting these programs to manufacturers.

Continued co-operation with the provincial Ministry of Industry, Trade and Commerce was

maintained. The Ontario Regional Office chaired two committees on trade and investment that were a particular success, and the deputy ministers of the departments initiated a schedule of regular meetings to facilitate continued co-operation.

Over the year, the Business Service Centre at Toronto replied to 20 000 inquiries (by phone, mail and in person) from business persons.

### **Economic Co-ordination**

The FEDC office consulted regularly with the provincial government on economic and social issues and maintained liaison with the private sector, business associations and organized labour on behalf of senior federal officials.

These activities enabled staff to analyze events and monitor issues in the region and advise federal ministers of Federal-Provincial Relations, the Privy Council, Treasury Board and the Department of Finance, among others.

Co-operative and co-ordinated activities with provincial agencies continued under ERDA through five sub-agreements and one MOU.

The Planning Agreement provided last-year funding of a further \$0.3 million to a project to maintain a small-business database. The project, which is shared by the federal and provincial governments, promises a better understanding of the needs of small businesses. It should also help governments formulate policies in tune with this sector of the Canadian economy. A cultural sub-agreement was designed to stimulate the economic growth of cultural industries, and sub-agreements for tourism, forestry and minerals addressed development opportunities in northern Ontario by strengthening ongoing federal programs and services.

The planning and forestry agreements expired in March 1989.

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## Manitoba

During 1988-89, the Manitoba Regional Office focused on improving industrial performance, enhancing trade performance and administering agreements aimed at increasing economic activity throughout the province.

The Business Services and International Trade Centre counselled Manitoba entrepreneurs on the wide range of federal programs and services available, especially those from the department, External Affairs Canada, responding to more than 15 000 inquiries. Staff at the centre accepted speaking engagements and participated in seminars and trade shows to promote various activities.

### Industrial Development

More than 400 Manitoba companies export their products and services. In 1988, exports from Manitoba totalled \$2.9 billion, with semi-fabricated materials and manufactured products accounting for over 50 percent of this figure. The Manitoba office assists these companies to identify and pursue new export opportunities.

During the year under review, the Manitoba office was responsible for delivery of programs under the Canada-Manitoba General Development Agreement (GDA) and ERDA.

Under the GDA, the Northern Development Subsidiary Agreement expired on March 31, 1989, after 17 consecutive years of activity in Manitoba's north. The Northern Development Agreement (NDA), a joint initiative of the federal and provincial governments, contributed to local economic growth and employment creation for residents of remote northern and native communities in the province and by providing training and educational opportunities. Although

the NDA expired on March 31, 1989, projects approved prior to the expiry of the agreement may continue to receive funding until March 31, 1990.

Similarly, even though the Special Agriculture and Rural Development Agreement (Special ARDA) expired on March 31, 1989, the Manitoba office may continue to provide funding to projects approved prior to the expiration of the program until March 31, 1990. The purpose of the program was to fund commercial undertakings and primary producing activities and create small businesses and jobs, as well as raise income levels in rural communities. The program focused on the needs of native people, who have had meagre earnings and little access to regular employment, and helped them establish small enterprises and resource-harvesting ventures.

Within the framework of ERDA, the Urban Bus Industrial Development Subsidiary Agreement expired on March 31, 1989, while activities continued under the Tourism Development Agreement. Some of the most important of these tourism activities included the planning phases of the Forks Tourism Centre and the Grand Beach Resort development, and the launching of selective major marketing/industry productivity enhancement initiatives, including border-entry information centres and a tourism awareness program. Industry activities included promoting the Microelectronics Systems and Development Program.

Trade activities included numerous Canada Export Trade Month seminars, and Canadian Exporters' Association and External Affairs seminars. Manitoba office staff also hosted numerous trade and VIP delegations and missions, in addition to fulfilling various speaking engagements.

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# Saskatchewan

During the 1988-89 fiscal year, the Saskatchewan Regional Office was reorganized to reflect the department's new mandate to improve industrial excellence and international competitiveness. A Technology Services and Industrial Development Branch was created to focus efforts on business intelligence and advocacy as well as on technology development and transfer. Specific sectors which will be targeted include resource processing, metals and metal fabricating, food processing, health care, advanced industrial materials, information technologies and biotechnology.

## Industrial Development

Under the Advanced Technology Subsidiary Agreement, 38 new projects were approved, representing a total commitment of \$2.8 million, of which the department's portion of offers made and accepted was \$1 105 732 for 14 projects.

Under the Northern Economic Development Subsidiary Agreement, 93 projects were approved for a total expenditure in excess of \$7.7 million. The federal portion for offers made and accepted during the fiscal year was \$3 465 961 for 65 projects.

While efforts continued to focus on renewable resource industries and the provision of training for northern residents so they could take advantage of opportunities in the mining and mineral exploration sectors, it was noted that expansions were more dominant than economic planning and feasibility activities. There was a marked progression from the traditional harvesting and extraction industries into packaging, processing and product development.

During the 1988-89 fiscal year, the Special ARDA Committee approved 143 projects. The department's portion of offers made and accepted for the year was \$4 867 246 for 103 projects. The total Special ARDA expenditure for the year was \$3.5 million, with the majority of approved projects related to the establishment and expansion of commercial undertakings in the province.

On March 31, 1989, the Canada-Saskatchewan Subsidiary Agreement on Tourism expired. As of that date, more than \$21 million had been committed, with the federal share at \$10.1 million. A total of 183 applications were received under

the agreement and 129 were approved. During the year under review, the department's portion of offers made and accepted was \$3.164 million for 36 projects.

Two key federal commitments under the product development component of the agreement were \$1 million to the Saskatchewan Science Centre to construct an IMAX theatre adjacent to the Science Centre, and a \$1 million commitment to the Meewasin Valley Authority for the development and construction of the Wanuskewin Heritage Park.

Overall, a total of \$2.5 million was committed under the market enhancement component of the agreement. The majority of those funds were spent to encourage co-operative marketing activities among the key tourism groups throughout the province.

The \$4.7 million committed under the industry support program assisted the formation and operation of TISASK, a provincial tourism industry association, as well as the strengthening of several other important tourism associations. This past year marked the completion and official opening of the Visitor Reception Centre at North Portal on the U.S. border. The \$1.5 million project is designed to encourage U.S. visitors to lengthen their stay in Saskatchewan and includes displays detailing Saskatchewan's attractions.

The Policy, Planning and Co-ordination Branch undertook the development of intelligence networks for the purpose of gathering, analyzing and advising clients on provincial, industrial, technological and scientific policies and programs. It continued to provide input to the corporate strategic and operational planning process and maintained a supportive information service for regional operation units.

Activities of this Branch included the formation of a Business Resource Centre to enhance service to business and industry. Policy networks were strengthened with headquarters, the province and other departments through collaborative endeavours such as FED/PROV/NET. Memoranda of understanding were established between the Department of Western Economic Diversification (WD), Agriculture Canada and this department to co-ordinate development efforts in

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agriculture and food processing. There was continued development of staff skills through the expanded use of microcomputers and data information systems. Participation began with the Department of Indian Affairs and Northern Development and Northwest Territories officials in Phase I of the evaluation of the N.W.T. Economic Development Agreement.

For a third consecutive year the province's agriculture sector was hit hard by drought. The result was widespread hardship and a demand to originate new programs to meet the changing needs of the business community. Responding to these circumstances, the International Trade Centre (ITC) developed innovative programs to attract new clients and to diversify services offered to them.

The PEMD continued to be an important program mechanism with 133 applications approved, totalling \$317 000. Four Saskatchewan-led trade missions visited the Middle East and the Pacific Rim. Northern Export Border States (NEBS) missions travelled to North Dakota to explore market opportunities in the farm implements and high technology fields.

The ITC assisted exporters of farm equipment and livestock through the international promotion of the Western Canada Farm Progress Show (WCFPS), the Canadian Western Agribition (CWA), and the Canada Dairy Expo. The WCFPS had 32 000 visitors and 532 exhibitors.

The CWA had an attendance of 140 000 with 1500 livestock exhibitors and 386 trade show exhibitors. At the committee level of these organizations, the department provided the leadership to establish on-site International Business Centres. More than 100 international visitors registered at WCFPS and over 300 international buyers attended the CWA. An estimated revenue of \$50 million in exports was generated. In April, Saskatoon hosted the Cross-Canada Investment Counsellors' Tour that attracted over 100 participants from the business communities of Regina and Saskatoon.

*The Saskatchewan Exporter*, a newsletter, was published to provide information to the public on the new mandate and services, targets of commercial opportunities and trade shows and exhibitions.

An MOU between the Prairie Implement Manufacturers' Association (PIMA) and three departments of the federal government (WD, this department and External Affairs Canada) was developed with departmental assistance. The MOU will bring about closer co-operation between the federal government and the association over the next five years.

The Saskatchewan Regional Office worked closely with the University of Saskatchewan to establish an International Business Centre. Departmental officers acted as guest lecturers for the advanced marketing courses and participated in forming student-exporter market research teams.

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# Alberta

During the 1988-89 fiscal year, the Alberta Regional Office successfully made the transition to the new corporate and regional priorities of ISTC, while continuing the phase-out of programs and services of the former department. Major efforts were focused on:

- trade and investment development;
- industrial development and technology services;
- small business and tourism promotion; and
- economic development in northern communities.

## Industrial Development

The department continued to administer two Canada-Alberta subsidiary agreements.

The \$56.3 million Tourism Development Subsidiary Agreement is designed to enhance Alberta's position as a year-round tourism destination. The five-year program offers assistance in six key areas ranging from product and facility development to opportunity analysis and evaluation. During 1988-89, the agreement's fourth year of operation, the department committed \$4.7 million to 102 projects.

Under the Northern Development Subsidiary Agreement, signed in October 1985, \$40 million was budgeted to provide assistance to firms, institutions and communities in northern Alberta for the development of businesses, human resources and infrastructure. During the year under review, 81 projects received \$5.4 million in funds from the department.

The International Trade Centre became fully operational during the year, delivering trade services and programs to the business community in Alberta. PEMD continued to support Alberta exporters attending trade fairs and pursuing market ventures outside Canada. Of the 582 PEMD applications received in 1988-89, 393 were approved and commitments totalled \$1.7 million.

The ministerial announcement in western Canada of the National Policy on Entrepreneurship was made in Edmonton in August, 1988. The Alberta Regional Office co-ordinated the event in co-operation with national headquarters. Follow-up events included an Alberta Entrepreneurship Forum held in Red Deer in March, 1989.



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# British Columbia

During 1988-89, the activities of the British Columbia Regional Office centred on the promotion of international competitiveness and industrial excellence as the department shifted its emphasis from funded programs to the provision of services.

Priorities in British Columbia included:

- modernization of resource industries;
- diversification into new products and markets;
- competitiveness through innovation and technology; and
- identification and exploitation of domestic and international market and investment opportunities.

## Industrial Development

The regional office continued to implement PEMD, which supports the efforts of small and medium-sized firms to expand into new international markets, approving 443 applications with expenditures totalling more than \$1.8 million.

Under Special ARDA, which provides financial support to native communities, 149 accepted offers received commitments of \$5.9 million from the department. These projects focused largely on agriculture, fishing and forestry.

The regional office continued to monitor an agreement signed on December 3, 1987 with the Fraser Valley Independent Shake and Shingle Producers' Association of Mission.

The offer authorized assistance of \$9.4 million to support costs of exploiting the United States market, where B.C. shake and shingle producers have continued to experience a deterioration in market share after the imposition of a tariff on imports of Canadian shakes and shingles.

The market development initiatives and ongoing monitoring of the situation by the regional office is intended to overcome the effects of these constraints.

The office also continued to monitor an agreement with Cominco Ltd., under which the department purchased a total of \$79 million's worth of Cominco Ltd. preferred shares to assist in the modernization of the Cominco lead smelter at Trail.

A study was conducted by regional office staff during 1988-89 on the potential of increasing B.C. production of re-manufactured and value-added wood products. In conjunction with the provincial government, a series of seminars was organized across the province to stimulate interest in this major B.C. industry.

During the 1988-89 period, the regional office also was instrumental in the completion of the Victoria Conference Centre, administering a federal contribution of approximately \$7.3 million under the Victoria Convention Centre sub-agreement. The Centre officially opened on January 19, 1989.

Under the Tourism Industry Development Subsidiary Agreement, which is aimed at market development, product development and research to broaden the international appeal and diversity of the B.C. industry, the regional office paid out a total of \$2.3 million towards 66 different projects, 34 of which were directly administered by the regional office. Noteworthy projects included the marketing of Vancouver as an international convention destination, the extension of the ski season at Whistler through snowmaking, and a definitive study on the west coast cruise ship industry.

In addition, the office administered a unilateral federal contribution of \$300 000 toward the completion of the new Penticton Trade and Convention Centre, which opened in September, 1988.

A Provincial Forum on Entrepreneurship was held during the year to define the respective roles of government and the private sector in promoting and nurturing the start-up and growth of business in Canada. More than 30 delegates and observers attended. At the conclusion of the forum, 10 participants were selected as delegates to a National Forum on Entrepreneurship, to be held in Québec City in June of 1989.

The regional office also undertook a number of international investment promotion projects. In co-operation with External Affairs Canada and Investment Canada, the office organized seminars and investment missions to encourage investment in the manufacturing sector.

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A Regional Information Centre of the Canadian International Development Agency (CIDA) was opened during the year within the regional office, and an advisor was appointed to provide advice and information to the business community in British Columbia on CIDA programs and projects in the developing world. The advisor also acts as liaison with business associations, individual companies and consultants, and the provincial government.

The regional office also encouraged B.C. firms to participate more actively in major domestic projects, including projects in both the private and public sectors. An example was a major seminar organized by regional office staff in co-operation with Mobil Oil Canada Ltd. to encourage local industry to participate in the Hibernia project off the coast of Newfoundland.

Other initiatives undertaken by the office included:

- missions and trade shows in search of new investment or technologies;
- support to the International Business and Investment Exposition held in Vancouver;
- seminars and missions for new exporters to the United States, as well as trade shows in the United States (such as the Offshore Technology Conference and Trade Show in Houston, Texas) supporting B.C. exhibitors there;
- publication of an industrial bulletin highlighting industrial challenges and opportunities in British Columbia;
- studies into the development prospects of key industrial sectors; and
- the publication of *Sources of Venture Capital in British Columbia*.

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## Northwest Territories

The principal area of activity for the Northwest Territories office for the 1988-89 fiscal year continued to be the joint delivery of funded programs to Native businesses, tourism and small businesses.

The year under review was the final year of the Canada-N.W.T. Special ARDA Agreement. Some 60 projects were approved, for a commitment of approximately \$2 037 115. The departmental portion of offers made and accepted for 1988-89 was \$1 397 394 for 43 projects.

This was the first full year of operation of the Tourism Development Subsidiary Agreement and the Small Business Development Subsidiary

Agreement under the Canada-N.W.T. Economic Development Agreement. Twenty-five projects were approved for tourism development and a commitment of \$2 384 336; 13 others were approved for small business development, representing a commitment of \$523 758.

The department continued to deliver PEMD and a range of non-funded programs including the Business Opportunities Sourcing System (BOSS), as well as information services to business, and information about the FTA and exports.

In co-operation with the Federal Business Development Bank, the department sponsored a number of information seminars throughout the year.

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## Yukon

The main activities of the Yukon office were focused on the promotion of international trade, delivery of the Small Business Subsidiary Agreement, the final year of the Special ARDA program and the Tourism Subsidiary Agreement.

The Canada-Yukon Small Business Incentives Subsidiary Agreement provides assistance for the establishment, expansion or modernization of manufacturing or processing operations and for service industries to the resource extraction sector. During the 1988-89 fiscal year, the portion of offers made and accepted was \$253 260 for eight projects. Total commitments for the year were \$424 620 for 10 projects.

Highlights of international trade promotion included the fifth annual trade mission to the Alaska State Chamber of Commerce Trade Fair and the third reprinting of the *Yukon Exporter's Directory*. The premier event was the first Yukon Export Symposium that included sessions for more than 40 participants on export financing,

customs, export insurance, market opportunities in Alaska and a course for new exporters.

This year also resulted in the effective winding down of the Special ARDA program and the Tourism Subsidiary Agreement, both of which expired March 31, 1989. Under the Special ARDA program, 31 projects resulted in \$1 046 450 in commitments, while 51 projects under the tourism agreement resulted in \$2 364 098 in commitments. For the fiscal year, the portion of offers made and accepted for Special ARDA was \$617 575 for 24 projects.

The year marked the beginning of a shift in activities towards the provision of more business services and intelligence and less direct funding. An entrepreneurial forum was held and significant assistance in Canadian product sourcing was accomplished through BOSS. More emphasis was placed on the investment development function as one means of brokering needed private investment for local projects.

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# APPENDICES

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## Appendix A-1

### Grants and Contributions by Region, 1988-89

	Number of Offers Accepted	(\$ thousands)
Newfoundland	58	4 613
Nova Scotia	52	18 451
Prince Edward Island	65	1 982
New Brunswick	107	58 724
Quebec	783	442 192
Ontario	385	191 804
Manitoba	204	10 234
Saskatchewan	251	22 087
Alberta	199	18 764
British Columbia	261	36 612
Yukon and the Northwest Territories	85	8 125
Miscellaneous*	9	38 702
<b>Total</b>	<b>2 459</b>	<b>852 290</b>

\* Loan insurance and other guarantees

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## Appendix A-2

### Grants and Contributions by Program, 1988-89

	Number of Offers Accepted	(\$ thousands)
Atlantic Enterprise Program	13	19 415
Advanced Train Control System	3	6 341
<i>DRIE Act</i> Section Five	14	96 200
DRIE ERDA Subsidiary Agreements*	856	100 795
Defence Industry Productivity Program	132	213 325
Entrepreneurship Awareness Program	5	76
Enterprise Development Program — Industrial Component (EDP-I)	33	3 549
Federal Economic Development Initiative in Northern Ontario	165	8 840
Tourism Development Program for the Gaspé	17	5 556
Industrial and Regional Development Program	328	193 677
Recovery Program for East-End Montréal	7	2 167
Manufacturing Productivity Improvement Program (MPIP)	30	4 749
Microelectronics and Systems Development Program	2	5 144
Native Economic Development Program	220	65 356
Special Northern Ontario Development Fund	8	376
Complementary Program for the Industrial Development of Eastern Quebec	18	1 959
Special Program for the Laprade Region	102	44 860
Special Program for Thetford-Mines	9	5 864
Special <i>Agricultural and Rural Development Act</i>	459	15 125
Sector Campaigns	5	36
Special Fashion Program	1	90
Technology Opportunities in Europe Program	15	4 580
Technology Outreach Program	8	15 508
Miscellaneous**	9	38 702
<b>Total</b>	<b>2 459</b>	<b>852 290</b>

\* Excluding EDP-I and MPIP

\*\* Loan insurance and other guarantees

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## Appendix B-1

### Industrial and Regional Development Program\* Accepted Offers and Authorized Assistance, 1988-89

#### By Province or Territory

	Number of Offers Accepted	Authorized Assistance (\$ millions)
Newfoundland	0	0
Nova Scotia	0	0
Prince Edward Island	0	0
New Brunswick	1	32.5
Quebec	242	23.4
Ontario	85	39.7
Manitoba	0	0
Saskatchewan	0	0
Alberta	0	0
British Columbia	0	0
Yukon and the Northwest Territories	0	0
Miscellaneous	0	0
<b>Total</b>	<b>328</b>	<b>195.6</b>

\* With the exception of those affecting Ontario and Quebec, most regional development responsibilities were transferred to the Atlantic Canada Opportunities Agency and the Department of Western Economic Diversification.



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**By Major Industry Group**

	<b>Number of Offers Accepted</b>	<b>Authorized Assistance (\$ thousands)</b>
Food	20	4 500
Rubber Products	1	60
Plastic Products	19	7 087
Primary Textiles	4	1 639
Textile Products	6	2 006
Clothing	8	1 001
Wood Industries	30	4 637
Furniture and Fixtures	16	4 438
Paper Products	5	41 209
Printing and Publishing	4	149
Primary Metals	3	841
Fabricated Metal Products	35	6 258
Machinery	51	18 170
Transportation Equipment	23	31 100
Electrical and Electronic Products	26	14 666
Non-Metallic Mineral Products	10	22 582
Petroleum and Coal Products	1	56
Chemicals	20	15 208
Other Manufacturing	21	13 178
Other	25	6 805
<b>Total</b>	<b>328</b>	<b>195 590</b>

**By Planning Element**

Marketing	26	2 305
Innovation	63	69 916
Establishment	72	62 734
Expansion and Modernization	167	60 635
<b>Total</b>	<b>328</b>	<b>195 590</b>

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## Appendix B-2

### Defence Industry Productivity Program

#### Accepted Offers and Authorized Assistance, 1988-89

#### By Province or Territory

	Number of Offers Accepted	Authorized Assistance (\$ millions)
Newfoundland	0	0
Nova Scotia	0	0
Prince Edward Island	0	0
New Brunswick	2	0.4
Quebec	49	100.6
Ontario	65	102.2
Manitoba	2	2.8
Saskatchewan	0	0
Alberta	7	5.8
British Columbia	7	1.5
Yukon and the Northwest Territories	0	0
<b>Total</b>	<b>132</b>	<b>213.3</b>

#### By Major Industry Group

	Number of Offers Accepted	Authorized Assistance (\$ thousands)
Rubber Products	1	46
Plastic Products	1	465
Fabricated Metal Products	10	4 329
Transportation Equipment	78	139 784
Electrical and Electronic Products	41	68 449
Chemicals	1	251
<b>Total</b>	<b>132</b>	<b>213 324</b>

#### By Sub-Program

Research and Development	34	91 450
Source Establishment	27	81 463
Capital Assistance	69	40 061
Market Feasibility Studies	2	350
<b>Total</b>	<b>132</b>	<b>213 324</b>

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## Appendix B-3

### Native Economic Development Program Accepted Offers and Authorized Assistance, 1988-89

#### By Province or Territory

	Number of Offers Accepted	Authorized Assistance (\$ millions)
Newfoundland	10	0.7
Nova Scotia	2	0.4
Prince Edward Island	12	1
New Brunswick	13	5
Quebec	26	14.4
Ontario	35	5.1
Manitoba	14	2.6
Saskatchewan	33	9.5
Alberta	15	2.9
British Columbia	50	17.9
Yukon and the Northwest Territories	10	5.9
<b>Total</b>	<b>220</b>	<b>65.4</b>

#### By Major Industry Group

	Number of Offers Accepted	Authorized Assistance (\$ thousands)
Agriculture	17	3 369
Fishing and Trapping	13	2 075
Logging	6	672
Mining	6	2 443
Wood Industries	4	2 109
Construction	19	4 367
Other Manufacturing	13	2 800
Retail Trade Industries	27	2 852
Service Industries	80	16 290
Other	35	28 379
<b>Total</b>	<b>220</b>	<b>65 356</b>

#### By Sub-Program

Strategic Investments in Native Economic Institutions	15	26 229
Community-Based Economic Development	43	3 467
Special Projects	162	35 660
<b>Total</b>	<b>220</b>	<b>65 356</b>

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## Appendix B-4

### Special Agricultural and Rural Development Act Accepted Offers and Authorized Assistance, 1988-89

#### By Province or Territory

	Number of Offers Accepted	Authorized Assistance (\$ millions)
Newfoundland	0	0
Nova Scotia	0	0
Prince Edward Island	0	0
New Brunswick	0	0
Quebec	0	0
Ontario	0	0
Manitoba	140	2.3
Saskatchewan	103	4.9
Alberta	0	0
British Columbia	149	5.9
Yukon and the Northwest Territories	68	2.0
<b>Total</b>	<b>460</b>	<b>15.1</b>

#### By Major Industry Group

	Number of Offers Accepted	Authorized Assistance (\$ thousands)
Agriculture	2	79
Fishing and Trapping	125	3 105
Logging	24	885
Food	2	129
Wood Industries	4	53
Furniture and Fixtures	2	44
Transportation Industries	47	1 507
Retail Trade	64	3 439
Service Industries	73	2 851
Other	117	3 040
<b>Total</b>	<b>460</b>	<b>15 132</b>

#### By Sub-Program

Area Employment Training	5	261
Commercial Undertakings	284	10 995
Primary Producing Activities	155	2 805
Related Infrastructure	1	10
Remote Rural Communities	5	810
Special Adjustment Measures	10	251
<b>Total</b>	<b>460</b>	<b>15 132</b>

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## Appendix B-5

### Economic and Regional Development Subsidiary Agreements Accepted Offers and Authorized Assistance, 1988-89

#### By Province or Territory

	Number of Offers Accepted	Authorized Assistance (\$ millions)
Newfoundland	48	3.9
Nova Scotia	63	1.6
Prince Edward Island	38	2.8
New Brunswick	89	16.7
Quebec	284	56.2
Ontario	3	1.6
Manitoba	45	1.7
Saskatchewan	115	7.7
Alberta	176	10.1
British Columbia	50	6.5
Yukon and the Northwest Territories	8	0.3
<b>Total</b>	<b>919</b>	<b>109.1</b>

#### By Major Industry Group

	Number of Offers Accepted	Authorized Assistance (\$ thousands)
Fishing and Trapping	6	271
Food	13	569
Beverages	2	42
Plastic Products	4	2 161
Primary Textiles	1	968
Textile Products	2	28
Clothing	3	254
Wood Industries	13	1 433
Furniture and Fixtures	3	230
Primary Metals	6	1 579
Fabricated Metal Products	25	1 585
Machinery	10	679
Transportation Equipment	4	17 256
Electrical and Electronic Products	26	5 776
Non-Metallic Mineral Products	5	373
Chemicals	9	666
Other Manufacturing	24	3 634
Service Industries	616	50 741
Other	147	20 847
<b>Total</b>	<b>919</b>	<b>109 092</b>

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**By Project Activity**

	<b>Number of Offers Accepted</b>	<b>Authorized Assistance (\$ thousands)</b>
Administration and Management	6	404
Development	87	12 642
Education	44	1 433
Construction of New Facilities	95	45 161
Expansion — New Products	1	48
Expansion — Existing Products	167	28 348
Modernization/Productivity Improvement	28	5 131
Information	9	3 583
Manufacturing/Service	1	66
Marketing	364	6 751
Planning	55	3 985
Innovation	5	116
Other	57	1 424
<b>Total</b>	<b>919</b>	<b>109 092</b>

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## Appendix B-6

### *Small Businesses Loans Act* Number and Amount of Loans, 1988-89\*

#### By Province or Territory

	Number of Loans	(\$ millions)
Quebec	5 385	215.5
Ontario	5 325	225.2
Yukon and the Northwest Territories	73	2.6
<b>Total</b>	<b>10 783</b>	<b>443.3</b>

#### By Type of Business

Fishing	21	0.8
Wholesale Trade	360	11.7
Retail Trade	2 689	121.2
Construction	789	25.8
Manufacturing	1 254	49.7
Service Businesses	4 772	196.2
Transportation	788	33.7
Communications	110	4.2
<b>Total</b>	<b>10 783</b>	<b>443.3</b>

\* Loans made in the four Atlantic provinces fall under the responsibility of the minister for the purposes of the *Atlantic Canada Opportunities Agency Act*.

Loans made in the four western provinces fall under the responsibility of the Minister of Western Economic Diversification.

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## Appendix C

### Subsidiary Agreements Under ERDAs and GDAs Active During 1988-89

Agreement	Duration	DRIE Share (\$ thousands)	Authorized Assistance (\$ thousands)
<b>Newfoundland</b>			
Tourism Development	16/08/84 to 31/03/89	12 500	3 937
<b>Prince Edward Island</b>			
Tourism Development	26/10/84 to 31/03/89	5 800	1 627
<b>Nova Scotia</b>			
Tourism Development	09/11/84 to 31/03/89	19 600	1 781
Sysco Stage II	28/02/86 to 31/03/91	110 000	1 050
<b>New Brunswick</b>			
Tourism Development	30/11/84 to 31/03/89	20 782	16 731
<b>Quebec</b>			
Tourism Development	01/04/88 to 31/03/93	48 500	12 073
Industrial Development	01/04/88 to 31/03/93	175 000	29 287
Canada-Quebec Economic Development	01/06/88 to 31/03/93	217 500	8 298
Scientific Technical Development	01/04/88 to 31/03/93	35 800	6 508
<b>Ontario</b>			
Tourism Development	20/11/84 to 31/10/89	22 000	1 556
<b>Manitoba</b>			
Tourism Development	13/05/85 to 31/03/90	15 000	1 666
<b>Saskatchewan</b>			
Advanced Technology	31/08/84 to 31/03/89	16 600	1 106
Northern Economic Development	31/08/84 to 31/03/89	18 000	3 466
Tourism	22/11/84 to 31/03/89	15 000	3 164
<b>Alberta</b>			
Northern Development	02/10/85 to 31/03/90	20 000	5 413
Tourism Development	13/05/85 to 31/03/89	28 186	4 689
<b>British Columbia</b>			
Tourism Industry Development	21/08/85 to 31/03/90	15 000	2 992
Science and Technology Development	08/07/85 to 31/03/90	10 100	3 496
<b>Yukon</b>			
Small Business Incentives	06/01/87 to 31/03/91	3 220	253



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# Appendix D

## Departmental Profile

### Legal Mandate

The Department of Regional Industrial Expansion (DRIE) was mandated by Parliament to:

- enhance the national economy and achieve economic expansion in all regions of Canada;
- improve opportunities for productivity in all regions of Canada and improve access to those opportunities; and
- promote economic development in the regions of Canada where opportunities for productive employment are seriously deficient.

The department's mandate is set out in various statutes and regulations, the most important being:

- the *Department of Regional Industrial Expansion Act*, proclaimed in December 1983;
- the *Industrial and Regional Development Act*, which established the Industrial and Regional Development Program (expiry date June 30, 1988), to provide assistance in all regions; and
- the *Small Businesses Loans Act*, which provides for loans to the small business sector.

Other acts set out responsibilities for Crown corporations that report to the Minister of Regional Industrial Expansion.

### Departmental Objectives

To fulfill its mandate, the department aims at increasing overall industrial, commercial, and tourism activities across the nation.

In the process, it attempts to reduce economic disparities by:

- establishing and administering programs to carry out government policies;
- working with business, labour, other governments and the academic community;
- providing financial, marketing and other technical information to businesses; and
- extending, where necessary, direct financial assistance.

The department encourages firms to be more internationally competitive by aiding them to:

- develop new products and services;
- establish and upgrade production capacity;
- market goods and services in Canada and abroad; and
- restructure their activities to adjust to market conditions.

### Mechanisms

Some of the mechanisms to enhance business activities in all parts of Canada include:

- services for the business community such as policy development, technology transfer, industry intelligence, identification of industrial opportunities for investment, business counselling and enhancement of domestic and foreign market penetration; and
- Memoranda of Understanding (MOUs), which detail courses of action over the medium term and encourage discussion of strategies, goals and objectives with major corporations and, where appropriate, with industrial sectors.

Programs focusing on the needs of small business in Canada include:

- the *Small Businesses Loans Act (SBLA)*, which encourages private-sector lenders to make loans to small businesses for capital investment; and
- the Program for Export Market Development (PEMD), sponsored by External Affairs Canada and delivered in the regions by DRIE.

Programs to assist Canada's native populations include:

- the Native Economic Development Program (expiry date March 31, 1989), which supports native-owned economic and financial institutions, provides capital assistance for particular sectors of benefit to native peoples and offers development assistance toward native projects at the community level; and

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- the *Special Agricultural and Rural Development Act (Special ARDA)*, which provides economic assistance aimed at

employment creation for native groups in most western provinces, Yukon and the Northwest Territories.

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# Appendix E

## Ministry of State for Science and Technology 1988-89 Annual Report

### Introduction

The Ministry of State for Science and Technology (MOSST) is the lead department for overall science and technology (S&T) policy development. In today's economic environment of intense international competition, S&T has become the driving force in national economies vis-à-vis its significance in international trade, within our workplace and in our homes. The federal government has set Canada on a new course toward achieving national economic and social goals through the more effective use of S&T.

A significant part of MOSST's efforts throughout 1988-89 were focused on the merger of some of its key elements with the Department of Regional Industrial Expansion (DRIE) to create Industry, Science and Technology Canada (ISTC). ISTC is committed to increasing the international competitiveness of Canadian industry and encouraging scientific excellence.

During 1988-89, MOSST undertook several major initiatives concerning policy, programs, organization and funding which illustrated the government's commitment to bringing S&T to the centre of the public policy process. Many of these initiatives were part of InnovAction (the Canadian Strategy for Science and Technology).

### Legal Mandate

MOSST was established by an Order-in-Council in 1971 to assume primary responsibility within the federal government for the co-ordination of the government's S&T policies and for advising the government on the use of S&T in support of Canada's economic and social goals. It reports to the Minister of State (Science and Technology).

The mandate of the Ministry of State for Science and Technology is to develop policies with respect to the following:

- establishment of priorities for S&T;
- support of S&T and its application in furthering national objectives;
- optimum investment in S&T by governments, industry and universities;

- co-ordination of federal S&T programs with other government policies;
- co-operation with the provinces, other organizations and other nations;
- organization of S&T in the public service;
- allocation of financial and personnel resources; and
- extent and nature of Canada's participation in international scientific undertakings.

In addition to the issues outlined above, the Ministry is responsible for providing advice on the following:

- integration of a long-range scientific perspective into the policy development process and into specific proposals;
- identification of areas that are S&T-intensive and that have a significant impact on Canada; and
- quality and effectiveness of science and technology policies.

The Ministry has a limited role in program delivery and does not directly control the budgets of other departments. Its influence on the S&T related priorities and expenditures in the federal and provincial governments, industry and universities is exerted primarily through both formal and informal contacts with those organizations, and through advice to Cabinet.

The Secretary of the Ministry of State for Science and Technology and Chief Science Advisor provides advice to the government directly through the Minister and through access to Cabinet and its committees as a delegate of the Minister.

The Secretary of the Ministry of State for Science and Technology and Chief Science Advisor also chairs the Inter-Council Co-ordinating Committee (ICCC), which co-ordinates the activities of the three research Granting Councils that fund science and humanities-related research in Canadian universities. These councils are the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council and the Medical Research Council. In addition to the Secretary of the

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Ministry of State for Science and Technology and Chief Science Advisor, the membership of the ICCC includes the Presidents of the three Granting Councils; the President of the National Research Council; the Under-Secretary of State; the Deputy Minister of Health and Welfare; and senior officials of the Department of Finance, Treasury Board Secretariat and the Privy Council Office.

The Secretary of the Ministry of State for Science and Technology and Chief Science Advisor also serves as Secretary to the National Advisory Board on Science and Technology which is chaired by the Prime Minister. The Minister of State (Science and Technology) is the Board's Deputy-Chairman. This Board advises the government on domestic and international developments in S&T and innovation and their application to the Canadian economy.

The National Research Council, the Natural Sciences and Engineering Research Council and the Science Council of Canada report to Parliament through the Minister of State (Science and Technology).

## **Organization**

During the period under review organizational changes within MOSST have been taking place. Certain sectors are being amalgamated with DRIE to create ISTC while the Space Policy Sector is being absorbed by the Canadian Space Agency.

### **Government and Universities Sector**

- develops policies and strategies and advises the government on the following: support for university-based research; management and co-ordination of all government S&T programs in order to achieve effective resource allocation and to meet government-wide social and economic objectives; and delivery of assigned grants and contributions programs.

### **Industry and Intergovernmental Relations Sector**

- co-ordinates and participates in the development and implementation of policies and programs which facilitate the harmonization of, and collaboration in, federal, provincial, territorial and international S&T initiatives; promotes better management and co-ordination of the government's programs that assist industry to increase its level of research and development (R&D);

develops and exploits strategic technologies; and improves linkages between government, industry, academic institutions and the international science community.

### **Space Policy Sector**

- develops policies and plans for the Canadian Space Program, co-ordinates the overall Space Program, chairs and provides the secretariat for the Interdepartmental Committee on Space, manages Canada's co-operative agreement with the European Space Agency, manages Canada's participation in the U.S.-led International Space Station Program, co-ordinates long-term space plan activities, and makes recommendations on the form and mandate of the Canadian Space Agency.

### **Communications Branch**

- co-ordinates and implements the public affairs and information aspects of the Ministry and of the S&T policy and program initiatives of the government.

### **Corporate Services Branch**

- provides core support services for the Ministry, including planning, finance, human resources, office systems, library and administration.

### **Secretariat for the National Advisory Board on Science and Technology**

- provides policy advice and co-ordination as well as administrative services to the Board.

## **Activities**

### **National Advisory Board on Science and Technology (NABST)**

One of the major initiatives announced in the October 1986 Speech from the Throne, this Board is responsible for advising the Prime Minister on domestic and international developments in science, technology and innovation. Following its first meeting on February 16, 1987, the Board's members — including some of Canada's most eminent scientists, educators, and industry and labour leaders — studied and reported on specific priority issues in S&T as requested by the Prime Minister.

In 1988-89, NABST provided advice to the Prime Minister through three committees working in the following areas: the need to challenge the private sector to be more competitive; Big Science; and, federal S&T expenditures. The private sector challenge and Big Science reports of NABST

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were to be presented to the Prime Minister in May 1989.

At the request of the Prime Minister, the Secretariat of the National Advisory Board on Science and Technology was established. Its mandate is to provide the necessary support to ensure NABST's smooth operation in both its advisory and administrative capacities. The secretariat is comprised of a team of senior advisors who, under the direction of an Assistant Secretary, oversee the co-ordination of activities undertaken by NABST committees, the board and the chairpersons.

### **National Science and Technology Policy**

The Council of Science and Technology Ministers is implementing the National Science and Technology Policy signed by federal, provincial and territorial ministers in March 1987.

Under the policy, governments have agreed to work in partnership with business, universities and labour to: encourage the commercialization of technology by promoting technology diffusion and strengthening applied research and industrial innovation; develop technologies with strategic significance to the growth of the manufacturing, service and natural resource-based sectors; ensure the availability of the necessary highly qualified people; encourage the basic and applied R&D fundamental to Canada's scientific capability; ensure that all Canadians share in the benefits and opportunities of S&T; and promote S&T as an integral part of Canadian culture.

In 1988-89 the Secretariat of the Council of Science and Technology Ministers began work on sector R&D targets. This was a follow-up to the discussion at the Fall 1987 First Ministers Conference on increasing the overall R&D effort. In addition, the working groups, established to assist in the implementation of the National Science and Technology Policy, continued their respective analyses and reports.

The ongoing discussions with the provinces and territories on the policy's implementation continued to influence both federal S&T policies and general developments in S&T across Canada.

### **Federal-Provincial-Territorial Agreements**

In August 1988 Canada and British Columbia signed and immediately implemented the \$11-million agreement on the proposed KAON Factory Engineering Design and Impact Study. KAON would be a world-scale, medium-energy

particle accelerator that would incorporate the existing Tri-University Meson Facility for particle physics research at the University of British Columbia. With work anticipated to take from 12 to 18 months, the agreement is expected to result in a final report providing accurate costs and design specifications, as well as other implications of the proposal.

MOSST continued its collaborative investments in S&T via three subsidiary agreements on S&T pursuant to federal-provincial Economic and Regional Development Agreements (ERDA) in British Columbia, Quebec and New Brunswick. Under the Canada-Yukon Memorandum of Understanding (MOU) on Science and Technology, work continued toward developing a S&T strategy for the Yukon.

With the creation of ISTC, MOSST prepared for the transfer of responsibility for management of sub-agreements and MOUs to the appropriate ISTC regional offices. The Ministry also planned for the orientation of its new work program on agreements consistent with a broader mandate in ISTC's federal-provincial-territorial relations.

### **InnovAction: The Canadian Strategy for Science and Technology**

InnovAction, the federal strategy for S&T, was announced in March 1987. InnovAction involves specific initiatives introduced by federal departments and agencies designed to strengthen key areas of S&T; particularly the following: industrial innovation and technology diffusion; development of strategic technologies; effective management of federal resources; human resources; and public education.

In 1988-89 new programs introduced under InnovAction were implemented, including the Networks of Centres of Excellence Program, the Canada Scholarships Program and the Public Awareness Campaign on S&T described below.

### **University Research**

The Federal Government has a major responsibility to encourage scientific and technological progress by supporting basic research in Canadian universities. As well, it promotes closer research collaboration between universities and the private sector, and seeks to ensure that sufficient numbers of highly qualified scientists and engineers are trained in appropriate fields.

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Most of the direct federal funding for university research is channelled through the following three research Granting Councils: the Natural Sciences and Engineering Research Council (NSERC), the Medical Research Council (MRC) and the Social Sciences and Humanities Research Council (SSHRC). The Ministry is responsible for co-ordinating the granting policies and funding requests of the three councils through the ICCC.

As part of the additional funding of \$1.3 billion for S&T initiatives announced by the Prime Minister at the National Conference on Technology and Innovation on January 13, 1988, the government increased the base budgets of the Granting Councils by \$200 million over the five years, 1988-89 to 1992-93.

Consequently, the five-year financial plan for the Granting Councils originally announced in the February 1986 Budget, which called for an expenditure of \$3.4 billion over the period 1986-87 to 1990-91, has been supplemented by a total of \$200 million. A further \$320 million over five years has been made available for the Networks of Centres of Excellence Program and the Canada Scholarships Program.

Under the Matching Policy announced in February 1986, annual targets were set for each of the three Granting Councils for the amounts of private-sector contributions to university research that the federal government would match. In 1988-89, the policy's second year of operation, these targets were substantially exceeded. Because of the policy's financial success in the first and second years, it is expected that the targets for the remaining two years will be reached as private-sector investment in university research and industry-university research collaboration continue to increase.

Under the direction of the ICCC, the Matching Policy and associated programs are currently being evaluated.

### **Canada Scholarships**

At the National Conference on Technology and Innovation in January 1988, the Prime Minister announced the establishment of the Canada Scholarships Program, designed to recognize and encourage outstanding students to pursue undergraduate degrees in the natural sciences, engineering and related disciplines. The five-year, \$80-million program, administered by the Association of Universities and Colleges of Canada on the Department's behalf, provided for

a minimum 2500 scholarships annually, valued at \$2000 per year renewable for up to three additional years for a maximum value of \$8000. A minimum of 1250 scholarships are awarded to women and at least 10 scholarships each are guaranteed to students from each province and territory.

In the program's first year, 51 percent of the scholarships were awarded to women. The winners applied their awards in the 82 participating institutions across the country. A national event and 37 regional events were held to honour the scholars after the Prime Minister announced the first 2500 winners in August 1988.

### **Networks of Centres of Excellence**

The Networks of Centres of Excellence Program was announced by the Prime Minister at the National Conference on Technology and Innovation in January 1988. The object of the \$240-million program, a key element of InnovAction, is to support leading-edge, fundamental research of importance to Canada's long-term industrial competitiveness. In addition, the program will support the training of highly qualified personnel in key areas of research.

The program, administered jointly by the three research Granting Councils, will allocate funds through a competitive process. This innovative program will give the nation's best researchers in the natural, medical and social sciences, as well as the humanities and engineering an opportunity to work together in networks linking the university, industry and government laboratories.

By the November 1988 deadline, 158 applications were received, involving a total of 4000 researchers requesting more than \$2 billion. A 23-member International Peer Review Committee (IPRC), composed of Canadian and foreign experts and chaired by the former head of the Science Council of Canada, Dr. Stuart Smith, reviewed the proposals. The IPRC met in Ottawa twice, reviewed assessors' and site visit reports where appropriate, and will formulate recommendations on funding. As well, during the year, MOSST served as the Secretariat for the Advisory Committee to the Minister of State (Science and Technology), co-chaired by Dr. John Evans, Allelix Inc., and Dr. Gilles Cloutier, Rector, Université de Montréal. The Advisory Committee will review the funding recommendations of the IPRC.

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### **Canadian Institute for Advanced Research**

Pursuant to the funding arrangement announced August 12, 1986 and authority received following the evaluation of the Institute in 1987-88, the federal government in 1988-89 provided the Canadian Institute for Advanced Research with \$1.5 million to match contributions it received from the private sector. The federal government will provide funding of up to \$7 million to the Institute to match contributions received from the private sector over the period 1987-88 to 1990-91.

The Institute is a private, non-profit corporation established to develop high-quality research programs that deal with complex economic, social and intellectual problems, and focus on selected fields of Canadian expertise. The programs link outstanding scientists and scholars based in Canada with those in other countries. The Institute's present activities range from programs in artificial intelligence and robotics, to cosmology, evolutionary biology, population health and superconductivity.

### **Royal Society of Canada**

The Federal Government approved a \$500 000 grant to help the Royal Society of Canada prepare a corporate plan, a research evaluation plan and an affirmative action plan. Health and Welfare Canada; Energy, Mines and Resources Canada; the Department of the Secretary of State and the Ministry of State for Science and Technology contributed to the grant.

The Royal Society of Canada was established by an Act of Parliament in 1883 and has received federal government core funding since that time. The Society's network of 1160 Fellows provides respected, independent advice on issues of vital interest to government, business, the academic community and the general public. Examples of the Society's work include leadership of the Canadian component of the International Geosphere-biosphere Program (Global Change); monitoring research on the effects of high voltage power transmission lines; and, the widely acclaimed 1988 report on the medical, social, ethical and legal dimensions of AIDS.

### **Decision framework**

The Decision Framework for Science and Technology, implemented in 1987, is the major co-ordinating process for effectively managing federal S&T activities. It includes a set of principles and guidelines, and an annual reporting process for federal S&T activities. This process produces an annual report which is given to both

Cabinet and to NABST. The Decision Framework is to be reviewed in the coming year and should be altered to reflect the changing S&T environment.

### **Annual S&T Overview**

The Overview of Federal S&T Strategies is the formal reporting mechanism to Cabinet originating from the Decision Framework. In 1988, 20 science-based departments participated in the overview which focused on departmental strategic plans, reallocation, co-ordinative efforts, evaluation processes for federal S&T, extramural performance of S&T and leverage.

### **Extramural Performance**

The Extramural Performance Policy was approved by Treasury Board in 1987. Under this policy, key science-based departments are required to review a portion of their S&T operations annually, to examine continuing performance in-house, and to identify opportunities for the increased involvement of the private sector. MOSST, in consultation with other departments, reviews Extramural Performance Plans as part of the annual planning process.

### **Review of S&T Expenditures**

A review of past federal S&T performance and future federal spending plans was conducted through the Main Estimates Science Addendum (carried out on MOSST's behalf by Statistics Canada). This quantitative review provided the data base for the S&T overview paper reporting to Cabinet. At the same time, analyses of R&D spending at regional, national and international levels were carried out as part of the continuing advisory service to the Secretary of the Ministry of State for Science and Technology and Chief Science Advisor. Summary tables of S&T statistics were published for the use of analysts and commentators.

By international convention, S&T activities are divided into the following two types: Natural Sciences and Engineering (NSE) and Social Sciences and Humanities (SSH). These categories are further divided into R&D and Related Scientific Activities (RSA).

Expenditures on R&D in both NSE and SSH in Canada in 1988 totalled \$7.88 billion or 1.32 percent of the Gross Domestic Product. The Federal Government itself spent \$2.44 billion on R&D, or about 31 percent of national expenditures in this area.

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Federal Government expenditures on S&T totalled \$4.86 billion in 1988-89. Of this, \$2.83 billion was spent on intramural S&T activities, \$803 million went to support S&T in industry, and \$769 million went to universities.

### **Technology Diffusion**

In the current global industrial environment, Canadian firms must have the ability to use leading-edge technologies effectively to strengthen competitiveness. The Ministry is working to identify ways Canadian firms can improve their ability to adopt and adapt new technologies in order to enhance productivity and to develop new products for the world market. In connection with this ongoing effort, two international comparative analyses were initiated in 1988-89, one on the tax incentives for innovation and the other on non-tax programs for industrial support.

In addition, the Ministry undertook a survey of firms that have successfully acquired and/or adapted technology to improve their competitiveness, either by improving production processes or by developing new or improved products. The survey will obtain direct input from industry on the key issues facing companies acquiring or developing technology, and will identify important trends and factors that influence technology diffusion and innovation.

### **Intellectual Property**

MOSST assists Consumer and Corporate Affairs Canada to refine Canada's intellectual property rules and practices. This work is in direct response to the need to deal effectively with the new issues arising from technological advances in such rapidly evolving fields as software and biotechnology.

In 1988 the Ministry, in conjunction with the Science Council of Canada and Consumer and Corporate Affairs Canada, undertook a major survey of Canadian industry to identify how firms view intellectual property rights, and to get information on their impact on economic and trade performance, investment and other business decisions. A report on this survey's results is being prepared for publication under the auspices of the Science Council of Canada. These findings will help identify key data and support that companies need to make more effective use of intellectual property rights so as to strengthen their competitiveness.

### **Strategic Technologies**

In 1988-89 MOSST's major accomplishment in this area was its collaboration with DRIE to launch the new Strategic Technologies Program. This program builds upon MOSST's earlier policy work and is a key element in the federal government's initiatives to help industry respond to the challenges arising from rapid technological change. It is designed to strengthen industry's capability to develop and apply technologies necessary for Canada to capture new market opportunities. The major emphasis is on supporting strategic alliances for pre-competitive R&D and applications of leading-edge technologies in three major fields — biotechnology, advanced industrial materials and information technology.

### **Biotechnology**

MOSST is responsible for providing secretariat and analytical support for the National Biotechnology Advisory Committee (NBAC). In 1988-89 the Ministry completed the work necessary to revise the committee's membership and mandate so as to reflect the changing competitive challenges and opportunities facing the nation. The committee's current mandate is to develop a longer-term strategy and business plan for private and public sector investments in biotechnology.

The Ministry also developed source books for biotechnology and advanced industrial materials, which identify national R&D capabilities and activities. As well, it assisted the NBAC in preparing its annual report.

### **Public Awareness of S&T**

In January 1988, at the National Conference on Technology and Innovation, the Minister of State (Science and Technology) announced that the government was launching a \$10-million national effort to promote public awareness of S&T and to foster the development of a more science-oriented culture in Canada. The S&T Public Awareness Campaign and the Science Culture Canada Program are the main components of this effort.

### **S&T Public Awareness Campaign**

The S&T Public Awareness Campaign is a long-term national effort that involves governments, the private sector, educators and others in initiatives to raise public awareness and understanding of S&T.

During 1988, the campaign's national radio and print advertising established S&T development as



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a public issue. Other campaign initiatives included the following: broad consultations with public and private sector groups and the formation of stakeholder campaign support groups; publication of a brochure entitled, *Science and Technology: Something to Think About*; development of a travelling exhibit, using an interactive computer questionnaire; and funding of awareness projects for elementary, secondary and post-secondary school science teachers in co-operation with the provinces and territories.

### **Science Culture Canada program**

Science Culture Canada (SCC) is a \$2.5-million program which provides funding for projects and activities across the country to increase public awareness of S&T. It was launched by the Minister of State (Science and Technology) in February 1988.

SCC is administered by the Department of Supply and Services under the direction of a management committee chaired by MOSST. An evaluation committee of representatives from outside government with experience in promoting public awareness of S&T judges applications for funding. Members of the evaluation committee are nominated by the provincial and territorial governments.

During the year, two competitions for funding were held under the SCC program (April and October 1988). In all, 293 proposals were received with requests for funding of more than \$13 million. Of that number, 73 proposals were accepted, with a total of approximately \$2.65 million in funding awarded.

### **Canadian Space Program**

Space R&D activities are undertaken by several federal departments and agencies. Co-ordinating these activities is the Interdepartmental Committee on Space, which is chaired by MOSST and reports to the Minister of State (Science and Technology). Cabinet provides policy guidance and funding allocations based on the Minister's regular Space Plan submissions.

The Canadian Space Program has three fundamental objectives:

- ensure the full development of space technology's potential for practical applications to meet Canadian needs;
- encourage the development of competitive space industries; and,

- ensure that Canada maintains a position of excellence in the world-wide scientific exploration of space.

Co-ordination of the 1986 Space Plan continued during the 1988-89 fiscal year. The plan's major elements are the Canadian contribution to the International Space Station program led by the United States; a commercial mobile communications satellite system (MSAT); and planning for a remote-sensing satellite for resource monitoring and navigation (RADARSAT). Other programs included are the Space Science Program, the Canadian Astronaut Program and ongoing development programs.

### **International Co-operation in Space**

Co-operation with foreign partners in space activities, whether on a bilateral basis (e.g. with the United States) or on a multilateral basis (e.g. with the European Space Agency), is an integral part of Canadian space policy. All the government's major space projects have been conducted jointly with other nations. This co-operation has permitted Canada to pursue its objectives in space at reduced costs and has provided access to important technology. This international involvement in space has also become a significant element of Canada's foreign policy as space activities gain international significance, and trade in space-related projects increases at a rapid pace.

During the 1988-89 fiscal year, the detailed agreements concerning the terms and conditions for Canada's participation in the United States-led International Space Station were concluded. The Minister of State (Science and Technology) signed the agreements in Washington, D.C. on September 29, 1988. The Canadian Space Station Program, led by MOSST and supported by the National Research Council, proceeded on schedule during the fiscal year. Canada's role will be to build the Mobile Servicing System (MSS) and to take an active part in managing this facility after the Space Station becomes operational in the mid-1990s. The MSS will aid the assembly and maintenance of the station, moving equipment and supplies, deploying and retrieving satellites, supporting astronauts in their activities and servicing instruments and other payloads attached to the station. In addition, a User Development Program was established to assist Canadian industry to capture a share of the large market predicted for new materials produced in space.

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As a result of our agreement with the European Space Agency (ESA), Canada continued two of its optional programs: ERS-1 (remote sensing program) and Olympus (communications satellite program). Negotiations were completed for a 10-year renewal of our agreement for close co-operation with the ESA during the year. Signing of the new accord by the Minister of State (Science and Technology) was scheduled to take place at the end of May 1989.

On March 1, 1989 the Canadian Space Agency was created by an Order-in-Council, pending the passage of the enabling legislation tabled in the House of Commons. On that date all of the above duties and responsibilities were transferred from MOSST to the new agency. For subsequent fiscal years, reports on the Canadian Space Program will be found in the annual report of the Canadian Space Agency.

### **International S&T Activities**

A primary role of MOSST is to provide policy direction and advice to sustain and encourage beneficial cooperation with foreign partners. International cooperation is carried out under the auspices of some 200 bilateral and multilateral S&T arrangements. Canada is also involved in government-to-government S&T agreements and Exchange of Letters with Norway, the European Economic Community (EEC), Japan and South Korea.

During 1988-89, MOSST participated in formal S&T discussions with the United States, the USSR, Norway, Austria, Sweden, the EEC and Japan concerning InnovAction priorities and closer involvement of industries at all stages of the innovation cycle.

The Canada-Japan Complementary Study that MOSST had initiated and co-funded with the Department of External Affairs was completed by the Science Council of Canada and was scheduled to be submitted to both Prime Ministers by mid-summer, 1989.

In preparation for *Europe 1992*, MOSST has undertaken to explore better access to the European Communities (EC) Framework Program for Research and Technological Development. To that end, the Minister of State (Science and Technology) met with EC officials and proposed a grid indicating Canadian areas of interest.

MOSST provides a member for the Canadian delegation to the Committee for Scientific and Technology Policy of the Organization for Economic Cooperation and Development. In addition, MOSST represents Canada at the Commonwealth Science Council and attended the Biennial Meeting in Lagos, Nigeria that focused on Science and Technology in Development.

The Ministry also maintained an involvement in many major programs with the Department of External Affairs, the North Atlantic Treaty Organization (NATO) Science Committee and the International Institute for Applied Systems Analysis (IIASA).

To encourage small and medium-sized enterprises (SME) to be internationally competitive and to assist SMEs to better define their business and technology needs, MOSST developed a program called Technology Entrepreneurs. The program was approved and its implementation is expected in the next year.

The Ministry participated in several multilateral conferences and programs including the Japanese Human Frontier Program and took part in preparation for the Economic Summit in Toronto.

### **Publications**

#### **Technology and Innovation in Canadian Industry: Information Kits for Science and Social Studies Teachers**

Information kits, designed for science and social studies teachers, on technology and innovation in Canadian industry was one of the projects that resulted from the National Conference on Technology and Innovation held in Toronto in January 1988, chaired by the Prime Minister.

The two information kits were developed for use in the teaching of science and social studies in elementary, secondary and post-secondary educational institutions across Canada. Each kit contains information about issues discussed at the conference and about technological innovations of selected Canadian companies. The information kits were developed for the conference by Dr. Graham Orpwood, a nationally recognized consultant in science education. They have been designed to relate to the curriculum specifications of the provincial ministries of education in the area of science and social studies.

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**National Biotechnology Advisory Committee,  
Annual Report 1987-88**

This third major report entitled *The Regulation of Biotechnology: a Critical Issue for Canadian Research and Industrial Development*, expresses the concerns of industry about regulation of the products of biotechnology under the new *Canadian Environmental Protection Act*. It also emphasizes the need for a predictable regulatory climate that furthers industrial development and application of biotechnology products while ensuring the safety of workers and the environment. This is a bilingual publication produced in 1989.

**Canada Scholarships  
Program Description, Application Form  
and Posters**

Details on the Canada Scholarships Program, including eligibility criteria; methods of selecting scholars and related guidelines; and a description of the program's rationale.

**Ministry of State for Science and Technology  
Annual Report 1987-88**

Reports from previous years are also available on request. This is a bilingual publication produced in 1989.

***The Government of Canada's Support for  
Technology Development***

A summary of the major programs, incentives and other support mechanisms provided by the federal government to assist and encourage technological development in Canada. This is a bilingual publication produced in 1989.

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## Summary of Expenditures

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### Ministry of State for Science and Technology

	1988-89 (\$000)	1987-88 (\$000)	Increase (Decrease) (\$000)	%
Personnel	9 748	10 093	(345)	(3)
Goods and Services	7 691	7 381	310	4
Capital	479	1 350	(871)	(65)
Grants and Contributions	19 164	11 776	7 388	63
<b>Total</b>	<b>37 082</b>	<b>30 600</b>	<b>6 482</b>	<b>21</b>
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Person-Years	168	171	(3)	(2)
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<b>Grants</b>				
Canada-Quebec	5 369	3 503	1 866	53
Canada-B.C.	1 411	973	438	45
National Organizations	1 500	1 500	-	
Canada Scholarships	4 985	-	4 985	
 <b>Contributions</b>				
ESA *	4 500	4 000	500	13
EOPP ** of ESA	1 400	1 800	(400)	(22)
<b>Total</b>	<b>19 164</b>	<b>11 776</b>	<b>7 388</b>	<b>63</b>

\* European Space Agency

\*\* Earth Observation Preparatory Program

