



Canada Economic
Development
for Quebec Regions

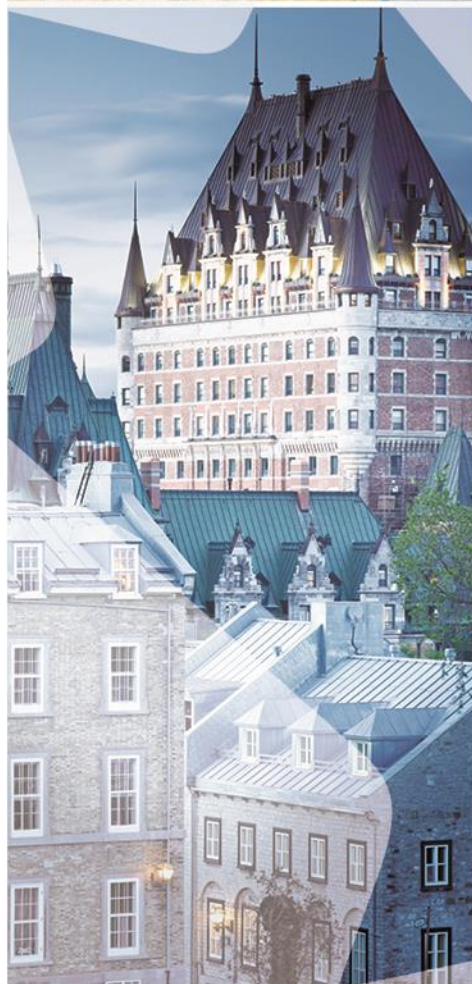
Développement
économique Canada
pour les régions du Québec



Canada Economic Development for Quebec Regions

2018-19 Departmental Results Report

The Honourable Mélanie Joly, P.C., M.P.
Minister of Economic Development and
Official Languages



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Minister's message

I am pleased to present the 2018–19 Departmental Results Report for Canada Economic Development for Quebec Regions (CED).

Over the past year, the various organizations in the Innovation, Science and Economic Development Portfolio have together worked hard to make Canada a global innovation leader and to build an economy that works for everyone.

Our primary objectives were, and continue to be, to empower businesses to reach their innovation potential to compete in a global, knowledge-based economy; to enhance Canada's economic strengths by supporting science and research; and to promote Canadian tourism. These objectives were supported by new and existing policies and programs designed to help Canadian entrepreneurs from across the country and from diverse backgrounds grow and reach new markets. We also continued to implement multi-year investments in science, including historic investments in fundamental research, while our robust tourism industry was bolstered by support for national initiatives.

Canada Economic Development for Quebec Regions contributed significantly to the portfolio's objectives by promoting sustainable and inclusive growth, which created jobs to improve the quality of life of Canadians. It has fostered an entrepreneurial environment conducive to innovation, growth and competitiveness, most notably through the new Regional Economic Growth through Innovation program, common to Canada's regional development agencies. CED's interventions, which are well adapted to the realities of Quebec's regions, have supported business growth and helped build strong communities.

These are just a few examples of Canada Economic Development for Quebec Regions' work on behalf of Canadians through collaboration, dialogue and partnerships across the country. We invite you to read this report to learn more about how we are working with and for Canadians to build our innovation nation.



Mélanie Joly
Minister of Economic Development and Official
Languages

Institutional Head's message

The Canada Economic Development for Quebec Regions (CED) *2018–19 Departmental Results Report* (DPR) outlines the steps taken over the past year to develop Quebec's economy, and highlights progress made with respect to the achievement of the objectives set out in the *Departmental Plan*.

In 2018–19, CED focused its activities around four main priorities linked to the Government of Canada's *Innovation and Skills Plan*: inclusive regional innovation ecosystems; business growth and expansion; clean technologies; and inclusive growth.

Upon reading this report, you will discover that this strategy has been successful. Funding was provided for 1,079 projects in the various regions of Quebec, for a total of \$250 million in grants and contributions. These projects resulted in significant economic benefits for communities; for example, each dollar spent by CED on community projects generated an average investment of \$2.76. CED's activities have contributed to Canada's long-term economic growth and prosperity.

Through its 12 business offices, and by leveraging its expertise, CED has helped entrepreneurs diversify their activities, innovate and compete in the knowledge-based economy, notably via the brand-new *Regional Economic Growth through Innovation* (REGI) program. A decentralized presence has allowed CED to maintain its in-depth knowledge of regional economic issues while promoting co-operation and complementarity with other economic partners in Quebec.

Determined to work for the benefit of all, CED has also assisted groups that are under-represented in the economy, such as women, youth and Indigenous peoples. This direction gave rise to programs such as the *Women Entrepreneurship Strategy*, and the *CED Fast-Forward Challenge*, the goal of which is to increase the proportion of young innovative entrepreneurs, particularly young women, who would like to go ahead with their business projects.

In addition to its four priorities, CED has developed an innovation incubator so as to be better equipped for the digital era and to position itself as an employer of choice. Furthermore, new products and services are being developed through experimentation with non-traditional solutions, with a view to increasing the level of satisfaction of our clients and exploring new opportunities to embrace future challenges.

In this report, which provides an overview of our efforts to make Quebec’s economy more innovative, sustainable and inclusive, you will be able to measure the extent of the progress we have made in one year towards building the economy of tomorrow.

Happy reading!



Manon Brassard
Deputy Minister / President of Canada Economic
Development for Quebec Regions

Results at a glance

Funds used (Actual spending in 2018–2019)	Staff (Full-time equivalents [FTEs] in 2018–2019)
293,136,844	322

During the 2018–19 fiscal year, CED invested \$293.1 million, including \$249.9 million in grants and contributions (G&C) to support 1,079 projects in all regions of Quebec.

Key results in 2018–19

The 2018–19 fiscal year was notable for the design, launch and implementation of a number of new ad hoc initiatives and a new program to support regional economic development and SME growth in Quebec. They are as follows:

- *Regional Economic Growth through Innovation (REGI)*, a national program delivered in Quebec by CED since December 8, 2018, that aims to foster the economic growth of businesses and the regions through innovation, by helping businesses scale up and become more productive, and by supporting regional innovation ecosystems to allow them to meet the needs of businesses, and fostering their growth and competitiveness.
- The *Women Entrepreneurship Strategy (WES)*, which targets women entrepreneurs looking to grow their businesses and organizations that assist women entrepreneurs with their business projects.
- The *Steel and Aluminum Initiative*, which was launched on March 11, 2019, and which aims to encourage SMEs that use steel and aluminum to invest in order to boost their productivity and competitiveness.
- The *CED Fast Forward Challenge*, which was launched on January 23, 2019, and which aims to increase the proportion of innovative young entrepreneurs, including young women, who are able to go ahead with their business projects.
- The *Winter Tourism Initiative*, which will be in effect from April 1, 2018, to March 31, 2020, aims to showcase tourism and attract visitors from outside Quebec during the cold season by supporting the acquisition of snowmobile and cross-country ski trail maintenance equipment.

These new initiatives are in addition to CED's existing initiatives and complement the delivery of its regular programs. The results of the new initiatives, particularly those that were launched at the end of 2018–19, will be seen primarily in 2019–20 and subsequent years.

Within this context, CED established four priorities for the 2018–19 fiscal year. The following is a summary of efforts to support these priorities:

1. Inclusive regional innovation ecosystems

Over the course of 2018–19, CED provided a total of \$30.8 million in funding for 48 new projects, including industrial clusters and business incubators and accelerators, in order to strengthen regional innovation ecosystems. The majority of these projects are spearheaded by college centres for technology transfer (CCTTs), universities or non-profit organizations (NPOs), which enable knowledge transfer to facilitate technology access or adoption by businesses.

CED began delivering the REGI in Quebec in the fall of 2018 in order to pursue efforts to strengthen innovation ecosystems and build their capacity to support under-represented groups such as women, Indigenous peoples and young entrepreneurs.

2. Business growth and scale-up

CED awarded \$140.5 million in funding to 331 businesses to support their growth. The projects aim to help these small and medium-sized businesses (SMEs) increase their productivity, market new products, scale up or expand their sales in new markets.

CED also provided specific assistance for SMEs in the steel and aluminum supply chain by implementing, starting in March 2019, a national initiative aimed by assisting businesses with their technology projects designed to increase their capacity to compete in the global economy.

3. Clean technologies

CED spent \$46.2 million on clean technology projects (179 projects), exceeding its goal of investing at least \$25 million annually in products, processes and services that improve environmental performance.

4. Inclusive growth

CED took concrete action to ensure the implementation of an inclusive vision of economic development. The following are three examples of steps taken:

- Easing of funding parameters to encourage more Indigenous peoples to submit business projects.
- Launch of the *Women Entrepreneurship Strategy*. As at March 31, 2019, 46 projects had been approved, for a total of \$4.4 million in non-repayable contributions.
- CED also launched the *CED Fast Forward Challenge*, an initiative designed to help innovative young entrepreneurs go ahead with their business projects and contribute to the growth of their business.

In addition to launching new initiatives and adjusting its program criteria, CED pursued the implementation of a number of programs and initiatives targeting specific groups, such as the *Community Futures Program* (CFP), which supports SMEs in rural communities. CED also provided funding for 10 new projects in minority language communities through the *Economic Development Initiative – Official Languages*, and continued to support communities dealing with particular issues, such as Lac Mégantic, which was affected by a rail accident.

CED also introduced the *Federal Strategy on Innovation and Growth for the Quebec Regions*. This strategy is a collaborative economic development approach within the Government of Canada that links government directions to needs identified on the ground, notably through [consultations](#)¹ with economic development players. A total of 142 projects, 46 of which received over \$1 million in funding, were approved by CED as part of this strategy.

Other achievements

In addition to its four priorities, CED continued to modernize its processes in order to simplify them and make them as efficient as possible. These initiatives include the ongoing development of the new grant and contribution management system.

The accomplishments and outcomes outlined above illustrate the scope of CED's commitment to achieving its targeted results for the fiscal year that ended on March 31, 2019.

For more information on the plans, priorities and results obtained by CED and its clientele, see the *Results: what we achieved* section of this report.

Results: what we achieved

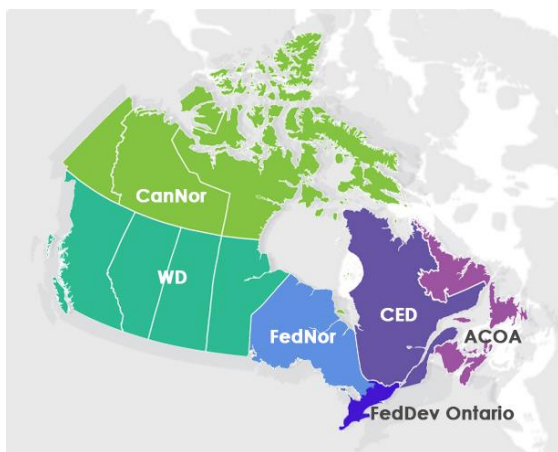
The Treasury Board Secretariat of Canada has implemented the new *Policy on Results*, which came into force on April 1, 2018. This Policy has enabled CED and the other regional development agencies (RDAs) to co-develop their Departmental Results Frameworks (DRFs). CED's DRF includes a core responsibility, namely developing Quebec's economy. This core responsibility is evaluated annually against three departmental results and nine socio-economic indicators.

These indicators measure progress made with respect to the accomplishment of CED's core responsibility. They are high level indicators with long-term objectives, and stem from the Government of Canada's *Innovation and Skills Plan*. The potential achievement of these objectives is dependent on a number of economic realities and factors; CED's intervention is only one of the many factors that influence the achievement of these objectives.

This CED Departmental Results Report is the first one in which CED reports on its results based on its new DRF's structure and indicators. For this reason, a comparison with the results of previous fiscal years is not always possible.

New programs and initiatives in 2018–19

In 2018–19, CED continued to implement *Canada's Innovation and Skills Plan*. Innovation is key to promoting sustainable, inclusive growth, and creating jobs that improve Canadians' quality of life. CED and the other five RDAs in Canada worked closely with ISED to evaluate federal innovation programs and propose measures to simplify programs so as to increase their effectiveness and ensure that they focus more on clients, and to allow businesses to obtain the assistance they need. This approach resulted in the launch of the *Regional Economic Growth*



through Innovation (REGI) program on December 8, 2018. The REGI is an RDAs' common program implemented according to their regional realities. The REGI is designed to foster an entrepreneurial environment that is conducive to innovation, growth and competitiveness. It has two main streams aimed at meeting business needs: business scale-up and productivity; and the creation, growth and vitality of inclusive regional innovation ecosystems.

The RDAs and ISED also worked together to develop the REGI *Steel and Aluminum Initiative* (SAI), which targets SMEs that manufacture or use steel and aluminum. Launched on March 11, 2019, this temporary initiative supports projects that help enhance productivity, increase competitiveness, and which create more skilled jobs

through the adoption of innovative technologies that contribute to the growth and modernization of sectors that depend on steel and aluminum. This measure will help Canadian downstream SMEs in the steel and aluminum sector remain competitive as global market dynamics evolve.

The RDAs also implemented the *Women Entrepreneurship Strategy* (WES).ⁱⁱ The goal of this strategy is to double the number of women-owned businesses in Canada by 2025 by facilitating access to funding, talent, networks and expertise to help these businesses grow.

CED also introduced other new initiatives in 2018–19, namely the *Winter Tourism Initiative*, and the *CED Fast Forward Challenge*.

Grant and contribution programs and initiatives in effect in 2018–19

1. Main program: *Quebec Economic Development Program* (QEDP)
 - Temporary or targeted initiatives:
 - *Economic Recovery Initiative for Lac-Mégantic*
 - *Economic Diversification Initiative for Communities Reliant on Chrysotile*
 - *Winter Tourism Initiative**
 - *Economic Development Initiative – Official Languages* [national initiative]
2. National program: *Community Futures Program* (CFP)
3. National program: *Regional Economic Growth through Innovation* (REGI)*
 - Temporary or targeted initiatives:
 - *Women Entrepreneurship Strategy* (WES)*
 - *Steel and Aluminum Initiative**
 - *CED Fast Forward Challenge**

*New in 2018–19

Core Responsibilities

Developing Quebec’s economy

Description

Support Quebec economic growth, job creation and economic prosperity through inclusive clean growth; help SMEs growth through trade and innovation; and build on competitive regional strengths.

Results

Departmental Result 1: Businesses are innovative and growing in Quebec

In order to grow and remain competitive, Quebec businesses need to innovate. To leverage their commercial potential, they must develop new organizational capabilities and make even greater use of digital technologies.

To this end, CED has provided funding for 420 businesses to support them in their development and to help them become more innovative, productive and competitive on the regional, national and international stages. This funding comes in response to needs identified, notably in the [Evaluation of the Quebec Economic Development Program \(QEDP\)](#)ⁱⁱⁱ (August 2018): “The needs most frequently identified by clients relate to the expansion of their activities, commercialization and export of their products. These needs were expressed by 62 % of the clients interviewed.”

Launched in the second half of the 2018–19 fiscal year, the new REGI program has been well received by CED’s clients. In all, 162 projects were approved, for a total of \$83.8 million in financial assistance. During this same year, the NPOs supported by CED, and which are involved in the development of innovative and inclusive ecosystems (specifically by providing incubation and acceleration services), in turn assisted 13,000 SMEs or potential entrepreneurs.

Example of a Project Supported by CED

Mecademic is an innovative high-tech company that emerged from CENTECH, the business incubator affiliated with the École de technologie supérieure (ÉTS). The company designs and manufactures very small, ultra-compact high-precise industrial robots.

CED awarded a \$450,000 repayable contribution to help the company scale-up by improving its competitiveness and implementing a marketing strategy in the U.S. and Europe. CED’s assistance will go towards the acquisition of specialized digital equipment that will serve to increase production capacity and automate the robot manufacturing process. This project will allow Mecademic to increase its production capacity and work force.

CED continued to support projects involving partnerships between prime contractors and businesses, thus contributing to their economic growth. In co-operation with economic community stakeholders, CED organized the 4th edition of the Symposium on the Canadian Defence and Security Market, and participated in more than 28 networking events, including trade shows and missions. The various activities helped promote the capabilities of Quebec businesses among prime contractors, with a view to maximizing the industrial and technological benefits generated by large Government of Canada procurement projects, both in the land sector as well as in the aerospace, marine and security sectors.

Results achieved

As is shown in the table entitled “Results achieved” on page 16, targets relating to growth and innovation among Quebec businesses were achieved.

Spurred on by the economic strength of its global economic partners and the relative weakness of the Canadian dollar, Quebec recorded an increase in its international exports in 2018, surpassing the established \$84 billion target by more than \$2 billion.

The revenue growth rate of businesses supported by CED programs also exceeded the established target by 7%. Businesses supported by CED recorded a 42% increase in turnover between the start and the end of their projects, an indication of the added value of CED’s assistance.

Departmental Result 2: Communities are economically diversified in Quebec

Economic diversification

Communities that diversify their activities broaden their industrial base and thus strengthen the performance and resilience of their economies in the face of economic uncertainty.

The implementation of the *Steel and Aluminum Initiative* and the pursuit of the *Economic Diversification Initiative for Communities Reliant on Chrysotile* and the *Economic Recovery Initiative for Lac-Mégantic* are examples of CED’s commitment to strengthening communities and ensuring their economic diversification. Moreover, the [Mid-Term Evaluation of the Economic Recovery Initiative for Lac-Mégantic](#),^{iv} published in March 2018, reveals that the Initiative responded to an urgent need to stabilize the economy following the major damage caused by the rail accident, and that it was virtually essential to the relocation and survival of some of the affected businesses. The findings of the [Mid-Term Evaluation of the Canadian Initiative for the Economic Diversification of Communities Reliant on Chrysotile](#),^v which covers the period from June 2013 to March 2016, are also positive. Through this initiative, CED

supported the targeted communities in their economic transition by adjusting the regular eligibility criteria to better meet the needs of potential clients. CED worked closely with the other community players, and in complementarity with the Government of Quebec. In this regard, community players, financial partners and project proponents were all extremely satisfied with CED's services and co-operation.

Example of a Project Supported by CED

Appalaches Nature is an SME located in Thetford Mines that specializes in the production of organically certified maple products for the high-end market. Its products are available in Canada, Europe and Japan, and are certified for use as official gifts from the governments of Canada and Quebec, and Quebec City.

The project involves the construction of a new plant in Thetford Mines for maple syrup, cranberry and honey packaging, and the development of new markets. The \$1 million in repayable assistance from CED will help the business go ahead with this project and will result in the creation of 37 full-time jobs. This is the largest private investment in the region (\$35.9 million) since the launch of the *Economic Diversification Initiative for Communities Reliant on Chrysotile*.

At the same time, with a view to ensuring the growth of rural communities in all regions of Quebec, and in close co-operation with its partners, CED pursued the modernization of the *Community Futures Program* (CFP). This exercise, which began in 2016–17, resulted in the renewal, in 2019, of the five-year agreements with the Community Futures Development Corporations (CFDCs) and Business Development Centres (BDCs), the goal of which is to foster local economic development, support business start-ups and assist SMEs with their growth strategies, with a particular focus on devitalized regions.

Under-represented groups

Considering that the presence and ongoing renewal of a pool of entrepreneurs is a necessary condition for economic development, CED focused on target groups to expand the entrepreneurial base in the regions of Quebec. It introduced a number of initiatives aimed at increasing the participation of under-represented groups in the economy and, specifically, in entrepreneurship, including the *Women Entrepreneurship Strategy* and the *CED Fast Forward Challenge*.

Results achieved

As is shown in the table entitled “Results achieved” on page 17, the majority of the targets relating to diversification in Quebec communities were achieved.

In 2018–2019, CED provided funding for projects in 100 regional county municipalities and generated a significant leverage effect through the projects that it supported. For each dollar invested by CED in community projects, third parties in turn invested \$2.76. The objective being \$2.20, this result demonstrates how CED is acting as a catalyst in the regions of Quebec.

As for the Government of Canada’s commitment to increasing the number of people from target groups who become entrepreneurs and majority owners of SMEs, the findings of a [Survey on Financing and Growth of Small and Medium Enterprises](#)^{vi} point to a modest improvement in this regard in Quebec since 2014, particularly as concerns youth and Indigenous peoples.

CED also contributed to these results, specifically through its financial support for the CFDCs and BDCs within the framework of the CFP; in 2018–19, these organizations report having funded 484 projects aimed at supporting young entrepreneurs through the Youth Strategy. CED also supported 22 new projects carried out by Indigenous entrepreneurs or organizations (out of a target of 40 between 2018 and 2021).

Over the course of the period targeted by this report, CED participated in 60 new projects involving women-led or -owned SMEs, thus contributing to the overall number of SMEs led by women.

Digitization within businesses is a determining factor in business performance. In this regard, it is essential that a high proportion of jobs be concentrated in the science and technology fields. Even though the Quebec average is higher than the Canadian average, the proportion of workers in these job categories declined slightly in Quebec in 2018–19, to 35.4%. However, CED continued its efforts to support technology adoption within companies by providing a total of \$116.8 million in funding for 247 new projects.

Experimentation



Launched as a pilot project on January 23, 2019, the CED Fast Forward Challenge—part of the *Federal Strategy on Innovation and Growth for the Quebec Regions*—targeted Quebec engineering students and recent engineering graduates. CED made it possible for up to 10 innovative businesses from all across Quebec to obtain a \$50,000 grant to carry out their business projects. In response to its call for proposals, CED received applications from 72 businesses, over 20% of which were majority-owned by women. The presentations by the start-ups selected as finalists and the announcement of the winners will take place in 2019–20.

This contest was an experiment for CED, both in terms of a business practice and the targeting of a new client group; in addition, it provided an opportunity to apply Gender-Based Analysis Plus (GBA+). Follow-up will be done on the participants' entrepreneurial activities and the performance of the start-ups over the course of the one-year period following the contest in order to document the impact. CED will communicate the results and lessons learned in 2020–21.

Departmental Result 3: Businesses invest in the development and commercialization of innovative technologies in Quebec

Investing in innovation is key to allowing SMEs to remain competitive and to grow. In 2018-19, CED continued to support businesses that develop and adopt innovations and market them in Canada and in other markets around the world. Given that the diversification of export markets is a priority aimed at making Quebec less vulnerable to trade tensions and emerging protectionism, CED supported 106 new SME marketing projects. Of these projects, 70 had the specific objective of exporting products to one or more of the countries included in one of the new trade agreements signed by Canada (the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* and the *Comprehensive Economic and Trade Agreement*).

Of the 1,328 recipients questioned as part of the recent QEDP evaluation, 63% stated that they would not have been able to go ahead with their projects without CED's financial assistance.

Example of a Project Supported by CED

The mission of the Centre d'entrepreneuriat et d'essaimage [entrepreneurship and spinoff centre] at the University of Quebec at Chicoutimi (CEE-UQAC) is to promote entrepreneurial spirit and business creation among the student community, both at UQAC and in the colleges in the region. This NPO acts as a project coordinator for various centres that provide SMEs with access to infrastructure, highly specialized expertise and high-tech equipment to develop innovative projects and foster technology transfer.

CED authorized a \$4 million non-repayable contribution aimed at encouraging innovation and clean growth among businesses through the implementation of high-level technological and industrial infrastructure, namely the *Centre de transformation et de valorisation de bioproduits* (CTVB). At a total cost of over \$5 million, this growth-generating project aims to support the adoption of new technology that meets the needs of innovative businesses in various sectors: forestry; the pharmaceutical, cosmeceutical and nutraceutical industries; and the agri-food sector.

The proportion of businesses that depend on CED funding is generally higher among clients receiving support for innovation and technology transfer projects (79%). CED provided funding for 13 new projects by organizations that foster technology transfers that benefit SMEs.

Results achieved

All of the established targets pertaining to the development and commercialization of innovative technologies in Quebec were surpassed. SMEs supported by CED spent over \$35 million on research and development (R&D), exceeding the projected target of \$25 million.

The second indicator tracks co-operation between institutions of higher learning and SMEs. The results for Quebec are positive: the province came in above the Canadian average and surpassed the established target of 19%.

Results achieved

Departmental result	Performance indicator	Target	Date to achieve target	Actual results 2018-19	Actual results 2017-18	Actual results 2016-17
Businesses are innovative and growing in Quebec	Value of Quebec goods' exports (in dollars)	\$84B	March 31, 2019	\$86.1B*	\$78.6B*	\$77.2B*
	Value of Quebec clean tech exports (in dollars)	Not available	March 31, 2019	Not available**	Not available**	Not available**
	Number of high-growth businesses in Quebec (by revenue)	3,400***	March 31, 2019	Not available***	Not available***	Not available***
	Revenue growth rate of businesses supported by CED programs	35%	March 31, 2019	42%	41%	28%

* This figure corresponds to the most recent result published by Statistics Canada at the time this was written. The figures for previous years are those available at this time, although Statistics Canada's actual reading of the results may be earlier.

** Data for this indicator or fiscal year is unavailable.

*** There was a change in the methodology used by Statistics Canada to measure the number of high-growth firms by revenue, and historical data has not been yet revised. The target has been set using the previous methodology. The target and the results for this indicator will be revised in the 2020–2021 Departmental Plan.

Departmental result	Performance indicator	Target	Date to achieve target	Actual results 2018-19	Actual results 2017-18	Actual results 2016-17
Quebec communities are economically diversified	Amount leveraged per dollar invested in community projects	\$2.20	March 31, 2019	\$2.76	\$2.48	\$2.28
	Percentage of Quebec SMEs that are majority-owned by women, Indigenous peoples, youth, visible minorities or persons with disabilities	Women 16.5% Indigenous peoples 0.5% Youth 17% Visible minorities 5% Persons with disabilities Not available**	March 31, 2019	Women 16.2%* Indigenous peoples 0.7%* Youth 17.2%* Visible minorities 4.5%* Persons with disabilities 0.2%*	Not available**	Not available**
	Percentage of professional positions in science and technology in Quebec's economy	36.0 %	March 31, 2019	35.4%*	36.1%*	35.2%*
Businesses invest in the development and commercialization of innovative technologies in Quebec	Value of R&D spending by businesses receiving CED program funding (in dollars)	\$25M	March 31, 2019	\$35.6M	\$30M	\$25M
	Percentage of businesses that collaborate with Quebec institutions of higher learning	19%	March 31, 2019	22.9%*	Not available**	18.4%*

* This figure corresponds to the most recent result published by Statistics Canada at the time this was written. The figures for previous years are those available at this time, although Statistics Canada's actual reading of the results may be earlier.

** Data for this indicator or fiscal year is unavailable.

Budgetary financial resources (in dollars)

2018–19 Main Estimates	2018–19 Planned spending	2018–19 Total authorities available for use	2018–19 Actual spending (authorities used)	2018–19 Difference (Actual spending minus planned spending)
256,619,068	256,619,068	276,301,764	273,397,927	16,778,859

The variance between actual and planned spending can be attributed to the awarding of new funding for the implementation of the *Innovation and Skills Plan* and the *Women Entrepreneurship Strategy*, as well as to the 2017–18 operating budget carry-forward to 2018-19.

Human resources (full-time equivalents)

2018–19 Planned full-time equivalents	2018–19 Actual full-time equivalents	2018–19 Difference (Actual full-time equivalents minus planned full-time equivalents)
188	180	-8

Resources planned for program delivery were reallocated to Internal Services for the delivery of certain top-priority departmental initiatives or Government-wide initiatives, notably the rollout of CED's digital strategy and its culture of innovation, designed to enhance the client experience. Activities planned as part of CED's digital strategy include the implementation of the new grant and contribution management system (Cortex) and the financial and material management system (SAP).

Financial, human resource and performance information for the CED Program Inventory is available in the [GC InfoBase](#).^{vii}

Internal Services

Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are:

- ▶ Acquisition Management Services
- ▶ Communications Services
- ▶ Financial Management Services
- ▶ Human Resource Management Services
- ▶ Information Management Services
- ▶ Information Technology Services
- ▶ Legal Services
- ▶ Materiel Management Services
- ▶ Management and Oversight Services
- ▶ Real Property Management Services

Results

Modernization and optimization projects aimed at making our processes and approaches more agile and robust were carried out in the business offices and at Head Office. Work continued on the Horizon 2021 initiative throughout 2018-19, with projects being implemented in the three areas of transformation shown below:



People and Culture

A healthy, learning, innovative and diversified organization whose employees are networked, engaged and have the skills to contribute to the success of businesses and regions and a key partner in the achievements of the ISED portfolio.



Policies and procedures

Policies and parameters translating the government's priorities into timely initiatives and tangible services to contribute to the success of businesses and regions.

Procedures in all areas of activity are clear, straight-forward and required for effective decision-making, client service excellence and the achievement of desired results.



Tools and Technologies

Up-to-date tools and user friendly and high performance technologies which optimize our procedures and enable everyone—CED employees, partners and clients—to be informed, work/interact effectively and make the best decisions more quickly.

Some of the projects and initiatives carried out in 2018–19:

- In co-operation with the other RDAs, CED continued its work on the development of a user-friendly and client-focused shared grant and contribution management system. Once in place, this new system will not only optimize internal business processes, but will also provide RDA clients with modern tools, such as a transactional portal that will enable easy, secure and real-time access to CED’s services and will include electronic funding application submission and payment tracking.
- Committed to enhancing the digital experience of its clients—as well as those it would like to reach—CED pursued its efforts to optimize its digital presence on the Web and on social media. To do so, CED made sure it had the equipment and skills required to be in step with the digital evolution. This approach ensured the optimized use of various digital platforms for communication activities associated with the *CED Fast Forward Challenge* experimental project.
- In 2018–19, CED’s Head Office and the Greater Montréal and Saguenay–Lac-Saint-Jean business offices moved into new premises. These modern workspaces with their new technologies support employees in their duties and facilitate co-operation and communication, both government-wide and with the people of Canada.
- With a view to better meeting employee demands, facilitating inter-sectoral co-operation, and simplifying ways of doing things, a number of changes were made to the electronic management of information in 2018–19, taking into account the various government initiatives and practices in place, such as Open Government and the adoption of digital solutions.
- A number of CED directorates continued their transformation and modernization aimed at optimizing existing processes (specifically by leveraging technological tools and the use of digital solutions), increasing their agility, and providing a positive, high-quality client experience. For example, the Communications Branch worked on the development of a Web application for monitoring communications activities.
- CED continued to improve its integrated planning process in 2018–2019. The automation of the various integrated planning components was completed, and improvements were made to the internal computer platform for the gathering of information that is useful for decision-making. A new reporting approach that focuses on the use of data and information made available, notably through the integrated planning process, was also developed in 2018-19.

Highlight: CED Innovation Incubator

In 2018–19, an Innovation Incubator was created at CED. The Incubator targets the development, through experimentation, of non-traditional solutions to day-to-day problems. Its role is to coordinate project implementation with a view to seizing opportunities or responding to identified business challenges, in order to ensure that CED is better equipped in the digital era and can position itself as an employer of choice.

As part of this initiative, employees were invited to submit their ideas via a call for proposals. As at March 31, 2019, some 47 proposals had been received (26 potential projects), and 5 projects were selected for implementation in 2019–20. The Innovation Incubator’s plans to work on improving the mobility of business office advisors and their records management through the use of new technological tools.

Budgetary financial resources (dollars)

2018–19 Main Estimates	2018–19 Planned spending	2018–19 Total authorities available for use	2018–19 Actual spending (authorities used)	2018–19 Difference (Actual spending minus planned spending)
19,886,400	19,886,400	20,377,361	19,738,917	-147,483

Human resources (full-time equivalents)

2018–19 Planned full-time equivalents	2018–19 Actual full-time equivalents	2018–19 Difference (Actual full-time equivalents minus planned full-time equivalents)
126	142	16

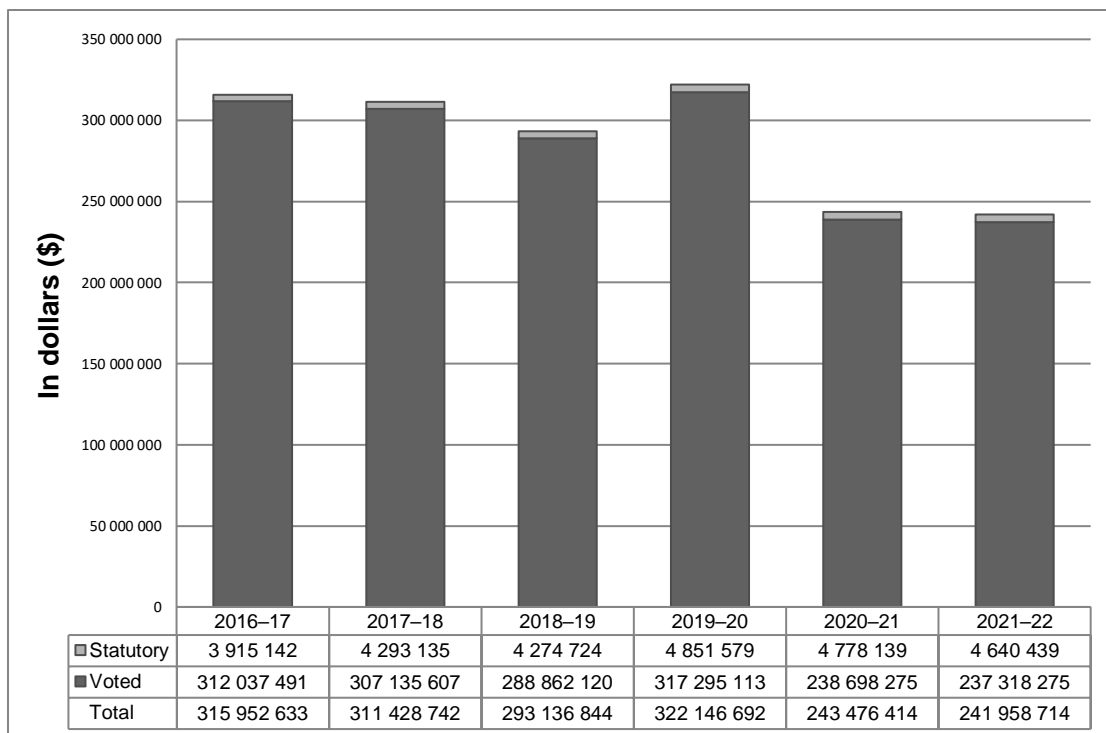
CED used more salary resources than initially planned, and recorded lower operating expenditures. In addition to the allocation of new funds, major projects were delayed and a portion of non-salary resources was reallocated to salaries to support Internal Services and allow for work to be carried out on departmental or Government-wide initiatives.

Analysis of trends in spending and human resources

Actual expenditures

Departmental spending trend graph

The figure below shows CED's actual and planned spending trends over time. The dark blue bars represent grant and contribution and operating expenditures. The pale blue bars represent statutory expenditures associated with the employee benefit plan.



Over the past three fiscal years, CED's total spending fell from \$316 million in 2016–17 to \$293.1 million in 2018–19. This decrease in actual spending is primarily due to the fact that funding for the *Canada 150 Community Infrastructure Program* (Intakes 1 and 2) ended on March 31, 2018. Other factors that explain the drop in spending include a decline in funding for temporary initiatives such as the *Economic Diversification Initiative for Communities Reliant on Chrysotile* and the *Economic Recovery Initiative for Lac-Mégantic*.

In 2018–19, CED's total expenditures amounted to \$293.1 million. Of this amount, \$249.9 million was invested in grants and contributions. Operating expenditures and benefits accounted for \$43.3 million.

As concerns planned spending in 2019–20, the significant increase in funding compared to 2018–19 is primarily a result of temporary supplemental funding obtained under the REGI

program's *Steel and Aluminum Initiative*, and for the *Canadian Experiences Fund*^{viii}, the goal of which is to provide new tourism products or experiences or improve those that already exist, and create, renovate or expand tourism facilities.

Starting in 2020–21, budgets don't take the reinvestment of contribution repayments by clients into account, which partially explains the overall decrease in planned spending. The budget declines can also be attributed to the end of the *Steel and Aluminum Initiative* forecast for March 31, 2020.

Budgetary performance summary for Core Responsibilities and Internal Services (dollars)

Core Responsibility and Internal Services	2018–19 Main Estimates	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending	2018–19 Total authorities available for use	2018–19 Actual spending (authorities used)	2017–18 Actual spending (authorities used)	2016–17 Actual spending (authorities used)
Developing Quebec's economy	256,619,068	256,619,068	301,916,121	223,522,522	276,301,764	273,397,927	291,790,589	297,418,222
Subtotal	256,619,068	256,619,068	301,916,121	223,522,522	276,301,764	273,397,927	291,790,589	297,418,222
Internal Services	19,886,400	19,886,400	20,230,571	19,953,892	20,377,361	19,738,917	19,638,153	18,534,411
Total	276,505,468	276,505,468	322,146,692	243,476,414	296,679,125	293,136,844	311,428,742	315,952,633

The difference between planned spending and total authorities available for use in 2018–19 stands at \$20.2 million and is primarily attributable to funding obtained during the year for temporary initiatives, and the obtaining of the 2107–18 operating budget carry forward.

Actual human resources

Human resources summary for Core Responsibilities and Internal Services
(full-time equivalents)

Core Responsibility and Internal Services	2016–17 Actual full-time equivalents	2017–18 Actual full-time equivalents	2018–19 Planned full-time equivalents	2018–19 Actual full-time equivalents	2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents
Developing Quebec's economy	190	182	188	180	191	191
Subtotal	190	182	188	180	191	191
Internal Services	140	138	126	142	151	146
Total	330	320	314	322	342	337

The number of FTEs allocated to the development of Quebec's economy generally varies based on the amount of funding set aside for temporary initiatives.

A slight increase in the FTEs allocated to Internal Services is forecast for 2019–20 and 2020–21 because of the many major departmental and Government-wide projects involving technological innovation and the enhancement of the client experience.

Expenditures by vote

For information on CED's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2018–2019](#).^{ix}

Government of Canada spending and activities

Information on the alignment of CED's spending with the Government of Canada's spending and activities is available in the [GC InfoBase](#).^x

Financial statements and financial statements highlights

Financial Statements

CED's financial statements (unaudited) for the year ended March 31, 2019, are available on the [CED website](#).^{xi}

Financial statements highlights

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

The expenditures set forth in the tables in other sections of the Report were prepared on a cash basis, whereas the financial highlights below were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the *Notes to CED's Financial Statements*.

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

Condensed Statement of Operations (unaudited) for the year ended March 31, 2019 (dollars)

Financial information	2018–19 Planned results	2018–19 Actual results	2017–18 Actual results	Difference (2018–19 Actual results minus 2018–19 Planned results)	Difference (2018–19 Actual results minus 2017–18 Actual results)
Total expenses	195,283,000	173,919,390	216,182,399	(21,363,610)	(42,263,009)
Total revenues	0	0	0	0	0
Net cost of operations before government funding and transfers	195,283,000	173,919,390	216,182,399	(21,363,610)	(42,263,009)

*CED's Future-oriented Statement of Operations (unaudited) as at March 31, 2019

Expenses

- In 2018–19, CED’s total expenses stood at \$173.9 million, down \$42.3 million from the previous year. This 19.5% decline is primarily attributable to a decrease in non-repayable contributions, which in turn can be explained by the fact that funding for the *Canada 150 Community Infrastructure Program* (Intakes 1 and 2) ended on March 31, 2018, and that there was also a decrease in funding for temporary initiatives .
- Transfer payment expenditures—which totalled \$125.5 million—decreased by 24.3% from 2017–18 to 2018–19. Operating expenses stood at \$48.4 million, down 3.7% comparatively to last year.
- The \$21.4 million variance (10.9%) with projected net expenses can be attributed to the fact that non-repayable contributions were lower than forecast.

Revenue

- CED’s revenue, returned to the Treasury Board, is declared in its financial statements as having been earned on behalf of the government. As a result, the organization’s total net revenue is zero. In 2018–19, CED’s total gross revenue stood at \$889,738, virtually the same as in the previous year. Revenue consists mainly of interest charges on payments in default.

Condensed Statement of Financial Position (unaudited) as at March 31, 2019 (dollars)

Financial Information	2018–19	2017–18	Difference (2018–19 minus 2017–18)
Total net liabilities	17,003,094	19,953,763	(2,950,669)
Total net financial assets	13,657,523	16,838,583	(3,181,060)
Departmental net debt	3,345,571	3,115,180	230,391
Total non-financial assets	2,453,642	1,126,826	1,326,816
Departmental net financial position	(891,929)	(1,988,354)	1,096,425

Liabilities

- As at March 31, 2019, CED’s net liabilities stood at \$17.0 million, down 14.8% from 2017–18. This decrease is largely attributable to the decline in net accounts payable and accrued liabilities.
- Accounts payable and accrued liabilities account for the largest share of liabilities: 80.2% (\$13.6 million) of total net liabilities. Vacation pay and compensatory leave, along with future fringe benefits, account for, respectively, 11.3% (\$1.9 million) and 8.5% (\$1.4 million) of the organization’s net liabilities.

Assets

- As at March 31, 2019, net financial assets stood at \$13.7 million, down 18.9% from the previous year’s total. This decrease is primarily attributable to the decline in amounts due from the Consolidated Revenue Fund to discharge liabilities (fringe benefits and accrued liabilities), which were also down.
- CED’s non-financial assets stood at \$2.5 million as at March 31, 2019, a year-over-year increase of \$1.3 million. This increase is primarily the result of the increase in tangible capital assets following a reclassification of work under way in the amount of \$0.8 million.
- Furthermore, CED’s loans, held entirely on behalf of the government, amounted to \$419.9 million as at March 31, 2019, up 8.4% from 2017–18, as a result of the increased volume of repayable contributions awarded by the organization.

Supplementary information

Corporate information

Organizational profile

Appropriate minister:

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

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

Institutional head:

Manon Brassard

Ministerial portfolio:

Innovation, Science and Economic Development

Enabling instrument:

Economic Development Agency of Canada for the Regions of Quebec Act (S.C. 2005, c. 26)^{xii}

Year of incorporation / commencement:

2005

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

The “Raison d'être, mandate and role: who we are and what we do” section is available on the [CED website](#).^{xiii}

For more information on the department's organizational mandate letter commitments, see the [Minister's mandate letter](#).^{xiv}

Operating context and keys risks

Information regarding the business context and key risks can be found on the [CED website](#).

Departmental Results Framework

Departmental results framework	Core Responsibility : Economic Development in Quebec		Internal Services
	Department Result : Businesses are innovative and growing in Quebec	Indicator : Number of high growth firms in Quebec	
		Indicator : Value of exports of good (in dollars) from Quebec	
		Indicator : Value of exports of clean technologies (in dollars) from Quebec	
		Indicator : Revenue growth rate of firms supported by CED programs	
	Departmental Result : Communities are economically diversified in Quebec	Indicator : Percentage of SMEs that are majority-owned by women, Indigenous people, youth, visible minorities and persons with disabilities in Quebec	
		Indicator : Percentage of professional, science and technology-related jobs in Quebec's economy	
		Indicator : Amount leverage per dollar invested by CED in community projects	
	Departmental Result : Businesses invest in the development and commercialization of innovative technologies in Quebec	Indicator : Value of Business Expenditure in Research and Development (BERD) by firms receiving CED program funding (in dollars)	
		Indicator : Percentage of companies engaged in collaborations with higher education institutions in Quebec	
Program Inventory	Program : Regional Innovation		
	Program : Community economic development and diversification		
	Program : Targeted transition support		

Supporting information on the Program Inventory

Financial, human resource and performance information for the CED Program Inventory is available in the [GC InfoBase](#).^{xv}

Supplementary information tables

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

- ▶ Gender-based analysis plus (GBA+)
- ▶ Details on transfer payment programs of \$5 million or more
- ▶ Response to parliamentary committees and external audits
- ▶ Departmental Sustainable Development Strategy

Federal tax expenditures

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

Organizational contact information

Canada Economic Development for Quebec Regions

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Montréal, Quebec
H3B 1X9

Telephone: 514-283-6412

Fax: 514-283-3302

www.dec-ced.gc.ca

Appendix: Definitions

appropriation (crédit)

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

budgetary expenditures (dépenses budgétaires)

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

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (plan ministériel)

A report on the plans and expected performance of an appropriated department over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

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

Departmental Result Indicator (indicateur de résultat ministériel)

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

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (rapport sur les résultats ministériels)

A report on an appropriated department's actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

experimentation (expérimentation)

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

full-time equivalent (équivalent temps plein)

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

gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])

An analytical process used to help identify the potential impacts of policies, Programs and services on diverse groups of women, men and gender differences. We all have multiple identity factors that intersect to make us who we are; GBA+ considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical disability.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2018–19 Departmental Results Report, those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada’s Strength; and Security and Opportunity.

horizontal initiative (initiative horizontale)

An initiative where two or more departments are given funding to pursue a shared outcome, often linked to a government priority.

non-budgetary expenditures (dépenses non budgétaires)

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

performance (rendement)

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

performance indicator (indicateur de rendement)

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

performance reporting (production de rapports sur le rendement)

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

plan (plan)

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

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts presented in Main Estimates.

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

priority (priorité)

A plan or project that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s) or Departmental Results.

program (programme)

Individual or groups of services, activities or combinations thereof that are managed together within the department and focus on a specific set of outputs, outcomes or service levels.

result (résultat)

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

statutory expenditures (dépenses législatives)

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

Strategic Outcome (résultat stratégique)

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

target (cible)

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

voted expenditures (dépenses votées)

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

Endnotes

- i CED, Dialogue 2018: Roundtables on growth and innovation
<https://www.dec-ced.gc.ca/eng/resources/consultations/dialogue-may-2018.html>
- ii Government of Canada, Women Entrepreneurship Strategy
<https://www.ic.gc.ca/eic/site/107.nsf/eng/home>
- iii CED, Evaluation of the Quebec Economic Development Program, August 2019
<https://www.dec-ced.gc.ca/eng/resources/publications/evaluation/2018/380/index.html>
- iv CED, Mid-Term Evaluation of the Economic recovery Initiative for Lac-Mégantic, March 2018
<https://www.dec-ced.gc.ca/eng/resources/publications/evaluation/2018-2019/371/index.html>
- v CED, Mid-Term Evaluation of the Canadian Initiative for the Economic Diversification of Communities Reliant on Chrysotile, March 2018
<https://www.dec-ced.gc.ca/eng/resources/publications/evaluation/2018-2019/372/index.html>
- vi Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprises, tables 30 and 31,
<https://www.ic.gc.ca/eic/site/061.nsf/eng/03086.html>
- vii GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- viii CED, Canadian Experiences Fund
<https://www.dec-ced.gc.ca/eng/targeted-support/cef/index.html>
- ix Public Accounts of Canada 2017–2018, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- x GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- xi CED, Financial Statements as on March 31, 2019
<https://www.dec-ced.gc.ca/eng/resources/publications/index.html>
- xii Economic Development Agency of Canada for the Regions of Quebec Act (S.C. 2005, c. 26),
<https://laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html>
- xiii Canada Economic Development for Quebec Regions, Raison d’être, mandate and role
<https://www.dec-ced.gc.ca/eng/agency/mission.html>
- xiv Prime Minister of Canada, Mandate letters
<https://pm.gc.ca/en/mandate-letters>
- xv GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- xvi Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>