



QUEEN
HC
111
.A328
1996
C.2

IC

1996-1997 TO 1998-1999

OUTLOOK ON PROGRAM PRIORITIES AND EXPENDITURES

Industry Canada
April 1996

This publication is available electronically on the World Wide Web at:
<http://info.ic.gc.ca/ic-data/general/outlook/>

For additional copies, please contact:

Distribution Services
Communications Branch
Industry Canada
Room 205D, East Tower
235 Queen Street
OTTAWA, Ont.
K1A 0H5

Tel.: (613) 947-7466

Fax: (613) 954-6436

© Minister of Supply and Services Canada 1996

Cat. No. C1-8/1997

ISBN 0-662-62466-1

51093B

Queen
He
III
A328
1996
c.2

CONTENTS

Foreword	1
Preface: 1995's Outlook	2
Context	2
Policy	2
Priorities for 1996-97 to 1998-99	3
Strategies for 1996-97 to 1998-99	3
Success Factors	6
Annexes	7



FOREWORD

Federal departments and agencies are required to produce an annual Outlook on Program Priorities and Expenditures for submission to the appropriate Standing Committee of Parliament. This is the second Outlook produced by Industry Canada. It covers the three-year period from 1996-97 to 1998-99 and was submitted by the Honourable John Manley, Minister of Industry, to the Chairman of the House of Commons Standing Committee on Industry on April 26, 1996. The Outlook describes Industry Canada's strategic priorities in the coming years together with progress and key accomplishments in 1995-96.

PREFACE: 1995's OUTLOOK

In April 1995, Industry Canada released its first *Outlook on Program Priorities and Expenditures* for the period from 1995-96 to 1997-98. That document outlined how key parts of four economic departments had been joined to create a new department focussed on three lines of business (Micro-economic Policy, Marketplace Rules and Services, and Industry Sector Development) and four special programs (the Canadian Tourism Commission, the Federal Economic Development Initiative for Northern Ontario (FedNor), Aboriginal Business Canada and the Ethics Counsellor).

The department's central challenge was to manage reduced budget allocations and a smaller work force in a way that would focus its resources on value-added initiatives within those business lines and special programs.

CONTEXT

The central objective of Canada's micro-economic policy is to respond to increasing globalization and its impact on trading patterns and practices, investment flows and competitive pressures. In addition to globalization, another challenge is becoming increasingly important: the adjustment from mass-production to knowledge-based growth.

Both transitions come at a difficult time. Economic growth is expected to remain modest (less than 3 percent per year) over the next three years, with no significant growth in employment or incomes. There will be short-term transition costs, while the benefits may be several years away.

Canada's relative economic openness has eased the move to globalization. However, adapting to a knowledge-based economy may be more complicated. The Organisation for Economic Co-operation and Development recently concluded that Canada suffers from an "innovation gap" — a structural weakness in our ability to benefit from economic change. Despite strengths in areas such as telecommunications and information technologies, Canada has major challenges to face, for example, in increasing the rate and diversity of our exports, research and development, adoption of advanced production technologies and industrial training efforts.

POLICY

In the fall of 1994, the government set out its economic program in *Agenda: Jobs and Growth*. One of the four papers released, *Building a More Innovative Economy* (BMIE), called for partnerships among all Canadians and their institutions to create jobs and growth in the private sector. The paper focussed on four policy "pillars" — marketplace climate, trade, infrastructure and technology — and set out the first elements of a plan to address them.

The 1995 Budget emphasized deficit reduction, largely through cuts in government spending (Program Review I). The 1996 Budget built upon the priorities of the *Jobs and Growth Agenda* by introducing Program Review II, reinforcing the BMIE priorities and providing for strategic intervention in three areas to create jobs and growth: science and technology, trade and youth.

Industry Canada has remained at the centre of the government's overall agenda for jobs and growth because its initiatives have supported and strengthened the strategic objectives of government policy. It will help position Canada for the 21st century by building relationships that strengthen the marketplace, trade and investment, infrastructure and technology for businesses and consumers. It will continue to serve as the reasoned advocate of Canadian businesses and consumers, involving them and their organizations in government decision making. The department's Outlook for 1996-97 to 1998-99 continues to emphasize cost reduction, while reallocating its resources to promote these government objectives.

PRIORITIES FOR 1996-97 to 1998-99

1. Provide leadership in the policy development of the micro-economic components of the *Jobs and Growth Agenda*.
2. Establish rules to ensure a fair, efficient and competitive marketplace for businesses and consumers.
3. Provide innovative service delivery across the full range of departmental initiatives.
4. Take advantage of opportunities to develop sectoral strategies, business services and youth enrichment programs.

STRATEGIES FOR 1996-97 to 1998-99

Micro-economic Policy

Over the next three years, the department will broaden and deepen its policy agenda. In the coming year, policy development will focus on innovation and the problems of youth.

- Work on the federal science and technology strategy outlined in the *Science and Technology for the New Century*, released in March 1996, will focus on the key policy priorities of: establishing a new governance regime for federal science and technology, launching the new Technology Partnerships Canada program and the Canadian Technology Network, putting a new Industry Canada Technology Business Plan into operation and working with other federal departments and agencies on implementing the *Industry Portfolio Action Plan*.

- A major priority will continue to be the Information Highway, including policy and regulatory frameworks that will address privacy issues and accelerate private sector competition, innovation and investment in new technologies and services, and smart use by businesses and consumers.
- The department will improve Canadian access to external markets through participating in trade negotiations, implementing existing agreements, and placing greater emphasis on attracting foreign investment to Canada and improving access to foreign technology.
- The department will coordinate federal obligations under the Agreement on Internal Trade and work with the provinces and territories to develop the agreement further.
- Major business framework legislation will be reviewed within the next three years including: the *Standards Council of Canada Act*, the *Bankruptcy and Insolvency Act*, the *Copyright Act* (with Heritage Canada), the *Competition Act*, the *Patent Act*, the *Canada Business Corporations Act*, and the *Small Business Loans Act*.
- The department will continue to develop a long-term Small Business Policy Agenda and proposals to reduce paperburden and improve small business participation in public sector procurement.
- The department will work with other departments and partners to improve economic prospects for young people with emphasis on the Information Highway, technology and entrepreneurship, building on the success of SchoolNet and the Community Access Program.
- As part of the government's overall effort, the department will prepare its Sustainable Development Strategy by December 1997 and, through it, enhance innovative links between economic and environmental objectives.

Marketplace Rules and Services

Over the next three years, Industry Canada will continue to position its wide array of marketplace rules and services as instruments of competitiveness for firms and consumers. The department will ensure that they respond to changing economic conditions, do not impose undue burden on businesses and encourage investment in Canada.

- The department will offer its services effectively and efficiently to both taxpayers and users in such areas as intellectual property services, enforcement of competition legislation, legal metrology inspection, spectrum licensing and interference monitoring, consumer product inspection and the promotion of voluntary codes of practice.

- Special Operating Agency status will be sought for the Legal Metrology, Bankruptcy and Corporations branches, allowing these services to operate in a more business-oriented environment. In addition, the Canadian Intellectual Property Office will explore enhanced agency status.
- A series of initiatives will be established for supporting the national standards system.
- The 25 key pieces of legislation the department delivers will remain under constant scrutiny to ensure that the rights of businesses and consumers are respected and that the marketplace functions fairly and efficiently.
- Innovative service delivery will be pursued in departmental activities through client focus, partnership, information technology, innovative organizational design and innovative corporate support services.
- A departmental accountability framework that identifies performance indicators and measures results will be developed and implemented.

Industry Sector Development

Over the next three years, the department will foster the competitiveness of Canada's industry, including both small and large enterprises, to position it to enter the 21st century from a base of sustained growth and leadership. Addressing the economic challenges Canada faces will involve targeted interventions focussing on trade, technology and investment and human resources development in collaboration with private sector and other government partners.

- Industry Canada is a lead federal department in the Team Canada Partnership and the development and implementation of Canada's International Business Strategy (CIBS). It will put in place effective National Sector Teams and Regional Trade Networks, and undertake strategic investment promotion to contribute directly to Canada's trade and investment performance.
- Technology Partnerships Canada will be implemented, the delivery group will be established as a Special Operating Agency and further program delivery partnerships will be negotiated.
- Technology Roadmaps in a number of key sectors will be developed with industry to assess the technology needs and recommend actions by firms, individuals and government as a key element of the department's Technology Business Plan.
- The department, with the private sector, will complete and release a series of Sector Competitiveness Framework Outlook documents. These will serve as a basis for consultations with industry and government partners and the development of a series of Action Plans.
- The department is a major generator and user of information, which it will make available, especially to small and medium-sized enterprises. The *Strategis* Web site, will be continually assessed and improved.

- The efficient and innovative management of programs and projects under FedNor, Aboriginal Business Canada and the Canadian Tourism Commission will continue as priorities with a focus on new services, networks and partnerships to support jobs and growth.

SUCCESS FACTORS

Industry Canada will continue to draw on the diversity and talents of its staff to provide innovative and relevant policies, services and products, and it will increasingly measure the results of these over time. The department will also develop a policy on the broader use of appropriate revenue generation mechanisms so it can invest in new client services that are market-driven and responsive. It will tailor the ability of its Special Operating Agencies to respond to a private sector working environment.

The department will also work to identify, pursue and achieve synergies between the Industry Portfolio partners in such areas as science and technology, small business services, trade and investment, youth, marketplace frameworks, sustainable development and information products.

ANNEX 1

Program Review Implementation

Program Review I has been implemented quickly and effectively. By the 1997-98 fiscal year, it will have reduced the department's budget by \$212 million per year. In 1995-96, more than 900 full-time equivalent positions were eliminated, of an overall planned reduction of 1165 (or 20 percent of the department's work force) by 1997-98. Implementation of these reductions is proceeding in accordance with government guidelines and legislation.

The Program Review II target for Industry Canada is \$23 million per year beginning in 1998-99. This is a reduction of 3.5 percent of the department's expenditure base and is in addition to the Program Review I cuts. Budgets will be reduced proportionately throughout the department in such a way as to require no further structural changes, and the core capabilities of the department's three major lines of business will be maintained. The department will pursue opportunities that create the least disruption possible, with a focus on:

- innovating ways to deliver services, for example, through Special Operating Agencies for the Corporations, Legal Metrology and Bankruptcy branches, and enhanced agency status for the Canadian Intellectual Property Office
- exploiting increased revenue sources through cost-recovery initiatives for business incorporation and related services, bankruptcy registration, trade services and information products
- rationalizing operating expenditures across the department through productivity increases, expenditure reductions and the elimination or reduction of services.

Implementation will result in a further work force reduction estimated at 145 full-time equivalent positions by 1998-99.

ANNEX 2

Key Accomplishments --- 1995-96

Micro-economic Policy

- Science and technology strategy announced
- Internal Trade Agreement came into force
- Student Connection program announced
- SchoolNet/Stentor agreement announced
- National Graduate Register created
- Canada Community Investment Plan launched
- *Small Business Loans Act* amended
- Business Development Bank of Canada revitalized
- amendments to *Standards Council of Canada Act* and *Bankruptcy and Insolvency Act* tabled
- International Business Development Plan launched
- Information Highway Advisory Council final report tabled
- World Radiocommunication Conference 95 Agreement on Mobile Satellite Service announced
- Local Multiport Communications Systems policy released
- Community Access Program approved and launched
- *Building a More Innovative Economy* initiatives 60 percent implemented.

Marketplace Rules and Services

- Marketplace organizations within the department all performed core functions with higher demands and fewer resources
- New ways of doing business introduced at the Bankruptcy Branch, Competition Bureau and Canadian Intellectual Property Office
- Automated systems introduced in Corporations, Small Business Loans Administration and Consumer Products branches
- Consultations on *Canada Business Corporations Act* and *Competition Act* conducted
- Client service standards established and TECHSOURCE database deployed at Canadian Intellectual Property Office
- Canada-U.S. agreement regarding the application of their competition and deceptive marketing practice laws negotiated

- Legal Metrology Accreditation Program expanded
- Decision to use auctions to assign spectrum frequencies
- New wireless Direct to Home and Personal Communications Services licensed
- *Lobbyists Registration Act* amendments implemented.

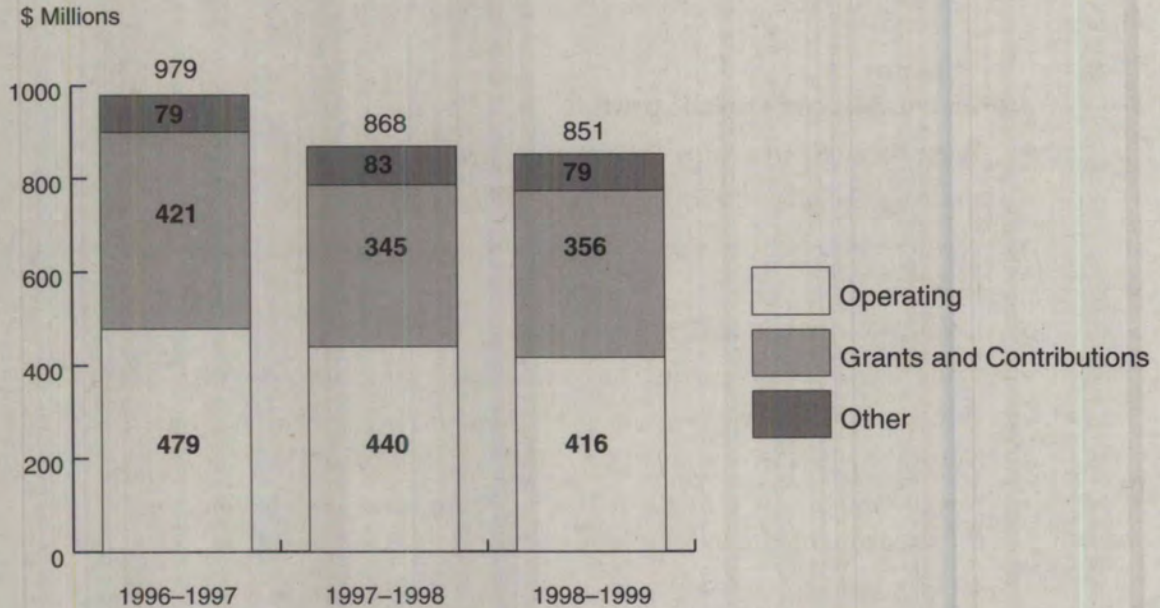
Industry Sector Development

- Technology Partnerships Canada launched
- Industry Canada's Internet Web site *Strategis* launched
- New research networks brought into the Networks of Centres of Excellence program
- Canadian International Business Strategy established
- Trade Team Canada partnerships established with nine provinces
- Technologies and Applications Development Program and National Test Network implemented under CANARIE
- New investment in Canada by Honda, Toyota and Stora fostered by the department
- Sector Competitiveness Frameworks completed for Forest Industries, Refined Petroleum Products, Automotive Industries, and Apparel
- International Business Opportunities Centre established in partnership with the Department of Foreign Affairs and International Trade
- International collaboration launched on advanced manufacturing research under the Intelligent Manufacturing Systems Initiative
- Eight sector-specific Insight products and Canadian Environmental Solutions launched on CD- ROM
- Canadian Tourism Commission founded and launched
- New FedNor approach approved and announced.

ANNEX 3

Financial Resources 1996-1997 to 1998-1999

By Type of Expenditure



Note: Resources exclude Canada-Ontario Infrastructure Works.

By Line of Business

