



INDUSTRY CANADA

**DEPARTMENTAL
BUSINESS
PLAN**

1996-1997

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Executive Summary

OUR MISSION: HELPING TO IMPLEMENT THE GOVERNMENT'S JOBS AND GROWTH AGENDA

Canada's economic challenge is to seek opportunities for jobs and growth in a rapidly evolving economy . . .

- Canada is one of the most prosperous nations in the world. However, as in many other G-7 countries, Canadians are feeling increasingly insecure about their own livelihoods and the level of prosperity available to their children. While they may understand that the Canadian economy is undergoing a structural shift as it adapts to the advances of technology, and may accept that technological advances raise productivity and increase growth, they do not connect this growth to an increase in jobs and economic security.
- Over the past two and a half years, Canada has created 600 000 net new jobs, despite a loss of 80 000 public service jobs. At the same time, Canada's performance on a number of longer-term economic fundamentals remains weak. Since the 1970s, Total Factor Productivity has been growing at only 0.2 percent per annum. Trade performance has been strong, but Canada's trade success is still heavily weighted toward the United States market and resource-based industries. The 1995 review of Canada by the Organisation for Economic Co-operation and Development (*OECD Economic Surveys — Canada: 1995*) describes Canada as suffering from an "innovation" or "knowledge" gap. Canadian firms, particularly small and medium-sized enterprises (SMEs), lag behind their American, Japanese, German and French counterparts in adopting new technology, and their existing technologies are often out-of-date. Canada's research and development (R&D) expenditure as a share of gross domestic product (GDP) is currently among the lowest of the OECD member countries.

A new approach to creating economic growth and jobs . . .

- The role of government in the economy is being fundamentally rethought, prompted by these pressures as well as by the realities of fiscal restraint and the need to reassess the federal role.
- The *Jobs and Growth Agenda* is distinguished from past government efforts to create growth by its emphasis on underlying structural factors in the economy, rather than simply buying investments and jobs, a strategy that proved both unsuccessful and unsustainable. These structural factors — technology, trade, investment, and a skilled work force to use them — are of critical importance at the end of the twentieth century as economies become more open and their competitive advantages are increasingly determined by knowledge and the application of technology. A framework for addressing these factors was introduced in a series of *Agenda: Jobs and Growth* discussion papers in 1994, including *Building a More Innovative Economy* (BMIE) issued by the Minister of Industry. The government has applied many of the elements of this framework in the last two federal Budgets.

Industry Canada has been given the tools to help implement the Jobs and Growth Agenda . . .

- As the government clearly articulated a new way of approaching economic development, it also grouped within Industry Canada many of the tools with which government can influence how the modern micro-economy functions. Industry Canada, for the first time, incorporates a wide grouping of framework and industry sector development functions

related to business as well as to consumer "development," creating an organization that is at once both comprehensive and highly diverse. These services are delivered through 90 points of delivery in 57 communities. Industry Canada's activities are captured under three Lines of Business:

- **Micro-economic Policy:** setting key parts of the business and consumer policy framework.
- **Marketplace Rules and Services:** delivering a forward-looking legislative framework that can serve as an international benchmark, effective compliance programs and a wide range of client services that ensure a fair, efficient and competitive marketplace for businesses and consumers.
- **Industry Sector Development:** helping business to compete, through strategic approaches to trade, technology and investment, and in addition providing focussed activities for tourism, communications research, Aboriginal businesses, Northern Ontario, small businesses, youth, and the Information Highway.

... while promoting sustainable development ...

- Within each line of business, Industry Canada will help foster sustainable development as a part of a longer-term tool kit for Canadian competitiveness in the global marketplace.

In contributing to the Jobs and Growth Agenda, Industry Canada has faced considerable challenges over the past year ...

- Given the significant resources that had been devoted to providing direct financial assistance to business, Industry Canada's program structure and budgets were deeply affected by the 1995 Budget. The department terminated, or did not renew, over 40 programs representing nearly 80 percent of its program portfolio. Fiscal savings for the Budget deficit were very large, with total savings from 1995 to 1998 of \$453 million. From 1994-95 to 1998-99, total staff levels will decline by some 23 percent from the original base of 5652, or close to 1300 people, following Program Review I and II.
- Through this downsizing, Industry Canada is meeting these challenges — fiscal, policy, service delivery and human resources — due in no small part to the flexibility and dedication of its staff.

... by not only hitting its downsizing targets, but also responding with creative new initiatives ...

1995-96 ACCOMPLISHMENTS

Industry Canada has restructured the department and has designed new programs and structures to support the *Jobs and Growth Agenda*. Our accomplishments over the past year included the following actions:

Micro-economic Policy

- led the development of key horizontal policy initiatives, such as:
 - developing the federal S&T strategy, *Science and Technology for the New Century*, announced in March 1996 (see box)

New S&T policy

Industry Canada led the development of a government-wide S&T strategy. Based on extensive consultation within and outside government, the strategy outlines key goals, priorities and directions to be implemented in coming fiscal years, including a new governance and management regime for S&T in all departments and agencies.

- developing a framework for new International Business Strategies, jointly with the Department of Foreign Affairs and International Trade (DFAIT)
- implementing the Internal Trade Agreement, which came into force in July 1995.
- conducted an extensive research and publication program on micro-economic issues, including:
 - publishing two major volumes on corporate decision making and knowledge-based growth, which provide analytic support to policy development for these important aspects of building a growth-oriented, modern economy
 - releasing 30 discussion, analytic and empirical papers on issues dealing with industrial structure, trade, technology, tax and investment

- supporting the research program with seminars, workshops and conferences by leading Canadian and foreign micro-economists and policy analysts.
- continued the overhaul of telecommunications policy and regulatory framework so as to provide businesses and consumers with the benefits of competition in all aspects of the Information Highway. Our intention is to have one of the world's most pro-competitive, forward-looking and user driven frameworks in place by 1998 (see box).

Moving ahead with telecommunications policy

- Successfully negotiated spectrum for Canadian-supported global mobile satellite systems at a World Radiocommunication Conference.
- Licensed four competitive suppliers of personal communications services (PCS), the new digital wireless technology that will provide users with a low-cost, portable on-ramp to the Information Highway and create an estimated 8500 new jobs.
- Issued a call for licensing for wireless broadband and services (Local Multipoint Communications Systems or LMCS). This has potential to become an alternative to the existing cable and telephone systems.
- Created a competitive model for the delivery of direct-to-home satellite services, in cooperation with Heritage Canada.
- Rebalanced local and long distance telephone rates, bringing prices of these services closer to their actual costs.
- Concluded the first round of the Information Highway Advisory Council (IHAC), and received and developed a detailed response to IHAC's 300 recommendations.

Marketplace Rules and Services

- **National and international marketplace frameworks:** proposed amendments to a number of important marketplace framework laws to respond to new economic realities and client needs, and signed a Canada-U.S. policy agreement that establishes close cooperation related to competition and antitrust legislation (*see box*).

Legislative accomplishments

- Tabled legislation or proposed amendments to:
 - *Bankruptcy and Insolvency Act*
 - *Companies' Creditors Arrangement Act*
 - *Standards Council of Canada Act*.
- Consulted on proposed amendments to:
 - Phase II reform of the *Canada Business Corporations Act*
 - *Competition Act*.
- Prepared amendments to the *Copyright Act*, with Canadian Heritage.

- **Effective administration and client services:** contributed to marketplace efficiency and confidence by ensuring compliance with the law and successfully delivering services in response to growing client demand, through new technology, process re-engineering and client consultation (*see box*).

Responded to client demands

- Incorporated 8400 new businesses, bringing the stock of federally incorporated businesses to 185 000.
- Processed 67 900 intellectual property applications while maintaining a five-year break-even plan.
- Completed 46 700 competition-related complaints, pre-merger notifications, advance rulings and information requests.
- Supervised 78 600 (20 percent more) bankruptcies while maintaining current service levels.
- Issued 70 000 radio licences.
- Conducted 12 000 consumer product inspections and warnings.
- Enabled private sector lenders to provide 33 000 small business loans.

- **Helping clients to profit from marketplace information:** increased electronic access to marketplace information through projects such as development of **TECHSOURCE**, a ten-year patent automation project begun in 1986, and by offering marketplace information on *Strategis*.

Industry Sector Development

- re-engineered our approach to industry development, concentrating on trade, technology, investment and information products for the sectors on which the department focusses, together with specialized activities for tourism, communications research, Aboriginal businesses, Northern Ontario, small businesses, youth, and the Information Highway. Highlights include:
 - **Trade:** with DFAIT and other departments, implemented a new approach to trade development to increase the number of Canadian exporters and diversify markets (*see box*).
 - **Technology:** developed Technology Partnerships Canada (TPC), a new partnership approach with the private sector to invest in research, development, demonstration and market development of environmental technologies, certain enabling technologies, aerospace and defence, and defence conversion.
 - **Investment:** with DFAIT and the Industry Portfolio, targeted investment promotion efforts, which resulted in several major investments, including a \$650-million investment by the Wallenberg group in a Cape Breton pulp and paper mill, and major investments by Toyota and Honda.
 - **Information Products:** launched by the Prime Minister in March 1996, *Strategis* is the largest business Internet site in Canada, with 60 000 reports, 500 000 pages of text, and two gigabytes of statistical information.
 - **Canadian Tourism Commission:** established as a fully functional Special Operating Agency, with a federal-provincial-private sector board directing joint tourism marketing efforts (*see box*).

New approach to trade development: Team Canada — partnerships to increase number of exporters and diversify markets

- With DFAIT, other federal departments, provinces and the private sector, developed International Business Strategies for 18 industry sectors, specifying actions with all partners to capitalize on global opportunities and to build on the competitiveness of Canadian industry.
- Established 17 National Sector Teams of federal, provincial and private sector partners to develop trade strategies, information and services to assist companies in their exporting efforts — six more are in initial stages.
- Opened an International Business Opportunities Centre jointly with DFAIT.
- Led by our International Trade Centres, established Regional Trade Networks in all 10 provinces with federal and provincial partners in industry, regional development, agriculture and fisheries departments. The goal is to provide efficient, effective trade services to companies in export preparation, market information and intelligence, counselling and international financing.
- Concluded nine agreements or understandings with provinces and territories to harmonize trade services, forming the basis for seamless delivery through the Regional Trade Networks.
- Developed an evergreen Regional Calendar of trade training and market development events for diffusion on the *Strategis* Web site.

Canadian Tourism Commission: An industry-led public-private partnership

The CTC was established as a special agency in October 1995 to sustain a vibrant and profitable Canadian tourism industry.

A 26-member board, drawn mainly from industry, directs CTC activities, supported by eight industry-chaired committees. Since its creation, the CTC has attracted \$40.9 million in private sector investment, increasing total program spending to over \$90 million annually.

- **Communications Research Centre (CRC):** developed integrated testbeds to assist industry in addressing Information Highway technical issues related to interoperability, interconnectivity, applications and access. The CRC also created the Innovation Centre, which currently has eight companies participating (two of which are employee spinoffs). In total, some 60 jobs have been created or maintained by companies during their stay at CRC.
- **Federal Economic Development Initiative in Northern Ontario (FedNor) and Aboriginal Business Canada:** announced new program and service structures, which rely less on funded programs, and more on partnerships, community development and innovation.

■ **Small Business:**

- worked with the Department of Finance, the Industry Committee and the Canadian banks to help establish an ombudsman for the banking system
- implemented a range of mechanisms to help small businesses grow (*see box*).

**Helping small businesses grow:
Access to financing**

- **Federal Business Development Bank (FBDB)** transformed into the Business Development Bank of Canada.
 - **Canada Community Investment Plan (CCIP) pilots** launched — assist SMEs to access venture capital and technical support in smaller communities.
 - **Improved the lending capacity of the *Small Business Loans Act* (SBLA).**
- Supported significant reductions in paperburden and improvements to regulatory frameworks in cooperation with Treasury Board, Revenue Canada, other key departments and the private sector.

■ **Putting Canadians, especially our youth, on the Information Highway:**

- **SchoolNet** connected 6000 schools to the Internet, as well as over 100 of the First Nations schools. Over 1000 services and resources were provided on the SchoolNet gopher and Web sites (*see box*).

SchoolNet: Preparing our students for the future

6000 schools, including over 100 First Nations schools are now on-line with SchoolNet. SchoolNet now offers over 1000 services to those schools, including:

- the National Graduate Register, a searchable database containing graduate profiles available for searches by employers.
- the SchoolNet Books of Remembrance On-Line, a digitized version of the originals, which list the names of Canada's war dead, prepared by Canadian high school students.
- the SchoolNet Grass Roots Program, which encourages the creation of Internet-based educational content by teachers and their students. Over 100 projects involving hundreds of schools from across the country are already under way.

- **Community Access** has signed agreements to connect 380 rural and remote communities to the Internet.
- **Student Connections Program** announced a three-year initiative that will employ 2000 students to help 50 000 small firms use the Internet and on-line business services.
- **SchoolNet Digital Collections:** funded by the Youth Initiative, this program gives young Canadians an opportunity to acquire technology-based work experience by digitizing heritage and scientific material for mounting on SchoolNet. Thirty pilot projects have been completed.

THE CHALLENGES AHEAD: INDUSTRY CANADA'S BUSINESS PLAN FOR THE NEXT THREE YEARS

Industry Canada will continue its focus on priority Jobs and Growth Agenda initiatives . . .

- The focus in the next three years will be to deliver on the policy and program agenda we have set out in *Building a More Innovative Economy* (BMIE), and more recently in the 1996 Speech from the Throne and the 1996 Budget, which further deepen and strengthen the new initiatives launched in 1995-96. Response from our clients and the international community indicates that we are heading in the right direction — we must stick to this agenda and deliver.
- The 1996 Speech from the Throne and the 1996 Budget reinforced this message: the jobs and growth priorities are international trade, science and technology, youth and promotion of a favourable economic climate. Industry Canada was given scarce reallocated resources to implement the Technology Partnerships Canada program, extend Information Highway access via the Community Access Program, and implement several new programs for youth.

. . . in delivering on these priorities, we will be developing new ways of doing business — a focus for the next three years . . .

- Over the next three years, we will place a premium on doing business smarter; that is, by delivering services in new ways to clients, through:
 - building better links to clients through a major departmental and ministerial **consultation strategy**, with a bigger role for regional offices in providing region-specific feedback on client needs and market research on client service requirements. We will also seek views of all staff on how best to achieve our objectives.
 - using **technology** to reach and help clients, both by increasing electronic access to information and by increasing electronic data interchange (electronic commerce).
 - expanding **partnerships**, both with other governments and the private sector. Partnerships encompass a broad range of activities, including joint delivery, third-party delivery and licensing. The intent

is to focus government resources on core functions while leveraging resources of other groups and increasing their commitment.

- increasing delivery flexibility through new **organizational forms**, such as Special Operating Agencies, that permit greater focus on meeting client needs.
 - **measuring performance** so that we can improve it through the development of an **Accountability Framework**, supported by concrete performance measures.
 - **tapping the skills of our people** and maximizing their abilities through training and workplace renewal.
 - becoming **more financially self-sustaining** through revenue generation and reinvestment.
- These themes cross all lines of business: for illustrative purposes, examples are highlighted in the summary of business plan commitments that follow.

. . . and we will be working with our colleagues within the Industry Portfolio to develop more opportunities for partnerships to improve service to clients . . .

- Industry Canada's tools are complemented by the wide range of functions within the Industry Portfolio. In addition to the Industry Canada activities described above, the Portfolio now covers such diverse capabilities as performing and supporting advanced scientific research and assisting the growth and diversification of Canada's regional and local economies.
- In total, the Industry Portfolio assembles, under one minister and three secretaries of state, 13 departments and agencies having a combined budget of over \$3.7 billion and a staff of 14 500 people.
- A priority over the three-year period will be greater coordination of selected activities within the Industry Portfolio, particularly trade development, technology and small business activities.

KEY PRIORITIES AND DELIVERABLES

Micro-economic policy will focus on leading on key horizontal files, with emphasis on technology, trade, telecommunications, youth and client consultation . . .

- **Science and Technology:** In the coming year, the key priorities will be implementation of the S&T Action Plan, development of a departmental technology business plan and consideration of how the federal government could improve science and innovation culture in Canada. In the medium term, priorities include Phase 3 of the Networks of Centres of Excellence, and Phase 3 of CANARIE (Canadian Network for the Advancement of Research, Industry and Education).
- **Trade:** Focus will be on developing, with DFAIT, the new International Business Strategies, and developing international technology and investment strategies.
- **Youth:** As a key element of the federal Youth Initiative being developed by the Minister of Human Resources Development, a **Portfolio-wide youth framework** will also be articulated. This framework will reflect the Portfolio's considerable array of strengths, from needs assessment to service delivery. Particular emphasis will be given to developing initiatives that focus on enhancing youth's technological and entrepreneurial skills.
- **Telecommunications and Information Highway policy:** Priorities for 1996-97 are to issue an implementation timetable for policy on competition between telecommunications and cable companies, collaborate with Heritage Canada on Canadian content and affordable access strategies, and develop with the Department of Justice a legislative framework for the protection of personal data in the private sector and the tackling of legal issues connected with the use of electronic commerce.

New ways of doing business: Implementing the departmental consultation framework.

Industry Canada is implementing a consultation strategy, which will promote a consultative culture at all levels in the department, and will shift the focus from file management toward relationship-building with key clients and stakeholders.

A key element of the strategy has been the identification of 19 key associations and appointment of departmental "champions."

Initiatives in 1996-97 will include:

- Deputy Minister's weekly visits to key clients
- bilateral consultations with key associations, led by departmental "champions"
- regular dinner meetings between key national and sectoral associations with senior departmental management
- development of Client Profiles Database, a Lotus Notes pilot application.

■ **Micro-economic research:** Emphasis will continue to be placed on developing micro-economic analytic capability in support of policy development. Up to 40 research papers and reports on technology, human resources, trade, investment, infrastructure, business framework, patenting and taxation issues will be published. The Research Publications Program will focus on *The Implications of Knowledge-Based Growth for Micro-economic Policies*, *The Growing Importance of the Asia Pacific Region in the World Economy: Implications for Canada* and *Capital Market Issues*. Quarterly and monthly publications (*Economic Good News Update*, *Monthly Economic Indicators*, *Micro-economic Monitor*) will continue.

■ **Consumer policy:** The focus will be on building consumer group self-sufficiency and analytical capacity in order to strengthen the consumer voice in the wide range of federal departments and agencies with consumer responsibilities.

Marketplace rules and services will keep legislative frameworks up-to-date, provide effective client service, and help clients profit from marketplace intelligence . . .

■ **Responsive marketplace frameworks:** Industry Canada will re-examine a number of its marketplace legislation and international agreements to ensure they reflect the changing domestic and global economy and do not impose undue costs on business. The department's ultimate objective is to develop frameworks that are international benchmarks and that will promote Canadian standards globally, thus supporting Canadian firms in their efforts to do business outside the country. Amendments and reviews proposed include:

- *Competition Act* (1996-97)
- *Copyright Act* (1996-97)
- *Standards Council of Canada Act* (1996-97)
- *Bankruptcy and Insolvency Act* (1996-97)
- *Canada Business Corporations Act* (1997-99)
- *Small Business Loans Act* (1997)
- parliamentary review of Bill C-91, dealing with patents on pharmaceutical products
- initiatives to support the national standards system.

■ As an example of international framework setting, work will continue with international groups to harmonize international standards and approaches for intellectual property, competition law and legal metrology. Industry Canada will also contribute to the World Radiocommunication Conference in 1997 (WRC 97), an international spectrum conference that ensures Canadian success in securing access to international radio frequency spectrum.

■ **Improving compliance and effective client service, through innovation and higher productivity:** Over the next three years, the department will seek to maintain compliance with marketplace laws, focus on increasing efficiency in inspections, and deliver new services directed particularly at SMEs. Work in 1996-97 will include:

- a survey of selected SMEs and law firms to identify their service needs respecting incorporations and related issues

***New ways of doing business:
Innovative service delivery approaches***

- Explore special operating agency status for Bankruptcy, Corporations and Legal Metrology branches.
- Make more services on-line in Corporations, Bankruptcy, Intellectual Property and Legal Metrology branches.
- Extend Legal Metrology Branch's accreditation program to enable more private sector organizations to inspect measurement devices.
- Find potential commercial partners to deliver aspects of bankruptcy services and provide information products.

- an extensive research program to identify the service needs of SMEs regarding Canada's intellectual property system
- focussing legal metrology inspection in specific areas where there are new developments in measuring devices, where compliance is low and/or volume of trade is high

- opening up access to new areas of spectrum, combatting illegal spectrum use and providing new services
- simplifying administrative procedures for the *Small Business Loans Act*
- responding to an increasing demand for client services.

■ **Helping clients profit from marketplace information:** Over the next three years, the department will develop and deliver a range of marketplace information products, including:

- a handbook for small businesses on the causes and trends in bankruptcy
- continuing implementation of **TECHSOURCE** (see box)

New ways of doing business: TECHSOURCE

Automation of the Canadian patent system within the Canadian Intellectual Property Office (CIPO) will achieve real economic benefits and enable those benefits to be realized equitably across Canada. These benefits include:

- assisting Canada's position in international markets by providing Canadians with access to a state-of-the-art system with current technological information
- ensuring equal access to patent information from all parts of Canada
- facilitating SME access to the technological information resident in the patent system
- assisting patent information users to find solutions to technological problems, avoid wasteful duplication of research and development, enhance productivity and increase the transparency of the market for intellectual property.

- making more marketplace information available through *Strategis*, such as data on incorporations, legal metrology and bankruptcy and information on consumers and the marketplace.

The Industry Sector Development line of business will deliver updated versions of a number of recent initiatives, while building trade, investment and sectoral expertise . . .

■ **Trade:** The focus in 1996-97 will be on further developing and implementing the 18 Industry Canada-led International Business Strategies, refining the content and strategies contained in the ten Regional Trade Plans, building National Sector Teams, and establishing service delivery strategies for the ten Regional Trade Networks (see box).

***New ways of doing business:
Team Canada pilot in our regional offices***

- In order to better assess the performance of the International Trade Centres, national client tracking and service standards will be implemented in some regions.
- The Quebec region will pursue quality certification to ISO 9000 for international business development services.

- **Information products:** *Strategis* gives us the ability to reach clients directly through the Internet. A priority for 1996-97 will be to support this technology with enhanced information products, including:
 - marketplace information
 - export tool kit for the Regional Trade Networks
 - sectoral investment strategies
 - upgrading the Business Impact Test for on-line access
 - establishing a single-window electronic information service on consumer issues
 - Steps to Competitiveness: a diagnostic tool to help firms in the service sector improve access to foreign markets.

New ways of doing business: Strategis — our new approach to delivering information products and services (<http://strategis.ic.gc.ca/>)

- A powerful search engine and its availability to users throughout Canada via the Internet makes *Strategis* a formidable delivery vehicle for the department's information products. *Strategis* is already being accessed by over 1000 users a day.
- Planned improvements to *Strategis* will also allow clients to do business with the department such as registering or filing applications and conducting commercial transactions.
- Partnerships with other government departments, non-governmental organizations and the private sector will significantly increase the range of information products and services that will be available on *Strategis*.
- Our regional offices are providing locally tailored marketing and training on *Strategis* to clients and partners to maximize availability, awareness and usage.

- **Technology:** Key commitments are to implement **Technology Partnerships Canada** (*see box*), develop technology road maps in seven sectors, promote the adoption of technology, develop services in partnership with the National Centre for Manufacturing Science and the Japanese Manufacturing Engineering Exchange, and expand the role of the Communications Research Centres testbeds.

New ways of doing business: Technology Partnerships Canada (TPC)

- TPC is financially innovative. It is cost-shared, with the private sector bearing the majority of the cost and the government sharing in upside returns on successful projects.
- TPC will be implemented using partnerships with the private sector:
 - guided by government/industry strategies
 - overseen by a private sector-based advisory board
 - whenever possible, working with the private sector to deliver the program in a cost-effective manner.
- The department is seeking authority in the next fiscal year for potential Special Operating Agency or equivalent status.

- **Investment:** We want Canada to be the "NAFTA location of choice" for foreign investors. Key 1996-97 deliverables are to develop and begin implementation of a new government strategy on investment, in partnership with DFAIT, and to establish a new Major Investment Promotions Unit (jointly with DFAIT). This unit will allow us to identify a limited number of high-impact opportunities to attract, expand or retain multi-national investment in Canada.
- **Sectoral development:** We will roll out our new approach to analyzing industrial sectors through Sector Competitiveness Frameworks (SCFs), with publication of 25 SCFs and Outlook Papers to set the scene for Sectoral Action Plans.

- **Canadian Tourism Commission:** The CTC will attract partners and increase partner funding to \$50 million, which combined with a similar amount of federal funding will enhance its ability to promote Canada as a four-season destination, raise awareness of Canada in all primary markets, and target lucrative but highly competitive markets.
- **Communications Research Centre:** The CRC will move forward aggressively to enhance the pace of business development with both internal and external clients. Priority will be given to developing close partnerships with the private sector and other organizations within the government.
- **FedNor:** The new FedNor approach is based on networking, improving access to capital through "Loan Loss Reserve" arrangements with financial institutions, community-based economic development through service delivery partnerships with Community Futures Development Corporations (CFDCs), and improving access for Aboriginal, youth and women entrepreneurs (*see box*).
- **Aboriginal Business Canada:** With the direction of its National Aboriginal Economic Development Board, the program is acting on four new strategic priorities — trade, technology, access to business capital, and youth entrepreneurship. Specific initiatives for 1996-97 are linking Aboriginal businesses to the Information Highway, launch of a national Aboriginal Trade and Export Directory, trade missions, and preparing an International Business Strategy for Aboriginal goods and services.
- **Putting Canadians on the Information Highway:** New initiatives begun in 1995-96 — **Student Connections Program** and **SchoolNet Digital Collections** — will continue. Under the **SchoolNet Program**, all of Canada's schools and libraries will be encouraged to connect to the Internet by 1998, as well as all 447 First Nations schools under federal jurisdiction by the end of 1996-97. Expansion of **Community Access** will continue, with a target for connectivity of 1500, representing a quadrupling of present numbers.

New way of doing business: FedNor

FedNor's goal is to create a vibrant and effective Northern Ontario network of business people, educators, officials and community leaders, linked electronically and able to respond to economic challenges and business needs. Specific initiatives will include:

- establishing a distinctive Northern Ontario Web site
- developing seamless partnerships among stakeholders, including provincial economic development officers, Community Futures Development Corporations and others
- developing partnerships with the banks to enhance access to capital.

BETTER USE OF INDUSTRY CANADA'S HUMAN RESOURCES AND FINANCES

Industry Canada's objectives are to manage employment adjustment, renew and revitalize our work force, and create a stimulating, positive work environment . . .

- The Program Review I objective of a reduction of 1165 full-time equivalent positions will be achieved as projected in the 1995-96 Departmental Business Plan. The department faces a further reduction of an estimated 145 full-time equivalent positions as a result of Program Review II. As before, we will attempt to implement these reductions as rapidly as possible.
- Through a variety of innovative work arrangements, bridging programs and special incentive packages, the department sought and will continue to minimize the impact of job reduction on remaining employees, and will provide tangible help to those directly affected by job cuts.
- To derive full advantage from the skills and potential of its staff, Industry Canada will encourage more innovative management practices to promote sharing of knowledge and skills development. The department will do its utmost to create a stimulating, positive work environment — one where people are treated with respect and fairness. Details of the department's human resources plan are outlined in Annex B.

The department is meeting its Program Review commitments, and is reallocating funds to meet jobs and growth priorities . . .

- The department will meet its Program Review targets. Total reductions from Program Review I mean that Industry Canada's base budget has been reduced by \$93 million in 1995-96, \$148 million in 1996-97 and \$212 million in 1997-98. (Reductions were offset by \$25 million each year as a credit for increased Small Business Loans Administration revenues.)

New ways of doing business: Industry Sector: Empowering teams

As a result of the 1995 Budget, Industry Sector faced reductions of 40 percent in staff, 50 percent in management, and the virtual elimination of its sizable financial assistance programming.

In response, Industry Sector re-engineered its activities to focus on trade, investment, technology and human resources development, and introduced a flat, matrix-style management model with empowered teams.

Innovative approaches were taken to the transition:

- At the front end, management committed to client service, respect for others, balance in the workplace, striving for excellence, employee development and teamwork.
- A management coach from the Canadian Centre for Management Development (CCMD) provided advice to managers.
- A team-oriented training plan was devised with the help of CCMD and the Niagara Institute, and a pro-active plan for communicating to clients was developed.
- A plan for better communication internally and externally was implemented to improve priority setting based on client needs.

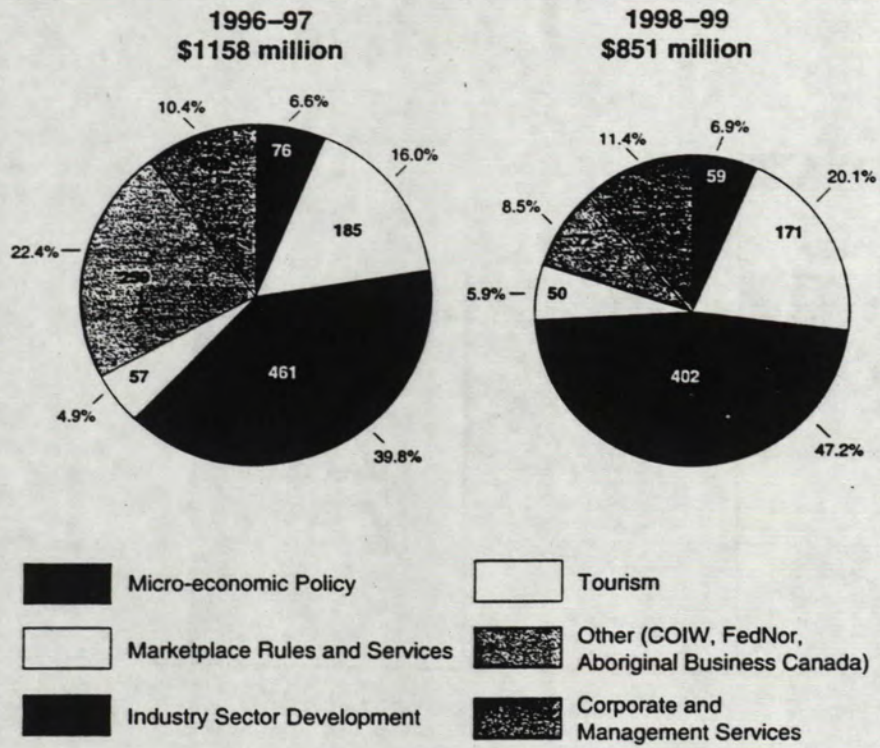
Results to date: embarking on a cultural shift and aiming for a workplace that is less hierarchical and encourages more strategic thinking.

- The department will shift resources among its lines of business to meet jobs and growth objectives. For example, the department has reallocated \$110 million toward Technology Partnerships Canada, and will reallocate reserves in support of the expanded Community Access Program, the new trade development approach and investment promotion.
- Industry Canada also received additional resources for Technology Partnerships Canada as well as certain Youth and *Building a More Innovative Economy* (BMIE) initiatives, which will allow for the effective implementation of these initiatives.

The department is seeking to become more financially self-sustaining through the use of vote-netting, revenue retention, and revolving funds . . .

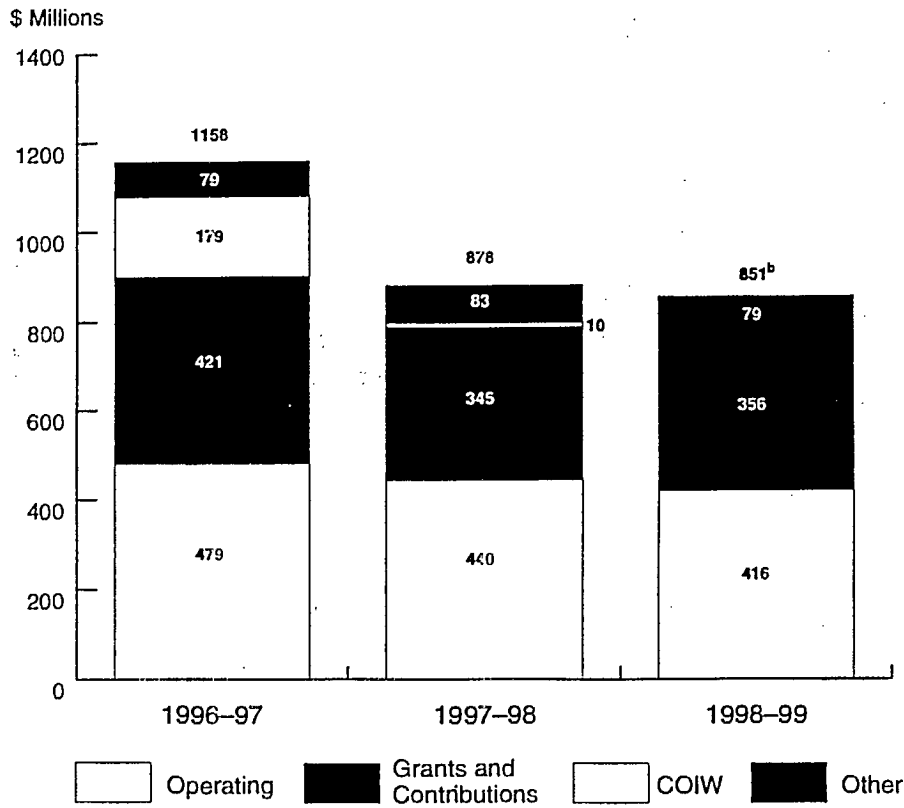
- Industry Canada is placing more emphasis on funding through the collection and reinvestment of revenues, through actions such as:
 - establishing an effective collection process for repayable contributions
 - taking more advantage of revenue reinvestment opportunities — i.e. spectrum management
 - developing a product pricing and marketing strategy to ensure the sustainability of *Strategis*
 - investigating greater recovery of costs associated with the provision of some services in Legal Metrology Branch and the Competition Bureau
 - increasing the use of vote-netting authority for Bankruptcy Branch, the Communications Research Centre, *Strategis* and Corporations Directorate.

1996-97 Financial Resources, by Line of Business^a



^a Includes March 6, 1996 Budget resources, based on best estimates subject to confirmation at a later date.

1996-97 Financial Resources, by Type of Expenditure^a



Note: Other includes statutory items and CIPO. 1996-97 Grants and Contributions include Bombardier/de Havilland and CPF/TRUMP.

^a Includes March 6, 1996 Budget resources, based on best estimates subject to confirmation at a later date. The budgets shown are the same as those in the department's recently released 1996-97 Outlook document, except that the Canada-Ontario Infrastructure Works program is not included in the Outlook document.

^b Program Review II reductions total \$23 million. The 1998-99 figure shows a reduction of \$13 million. The department will be requesting the balance of \$10 million to be released back upon demonstration that revenue retention and SOA/innovative partnerships have been implemented to contribute to the savings.

Strategic Considerations

Canada's Economic Challenge

Seeking the opportunities for jobs and growth in a rapidly evolving economy . . .

Although Canada is viewed as one of the most prosperous nations in the world, Canadians are feeling increasingly insecure about their own livelihoods and the level of prosperity available to their children. Many are facing unemployment and many more are struggling with decreasing levels of disposable income. While they may understand that the Canadian economy is undergoing a structural shift as it adapts to the advance of technology and may accept that technological advances raise productivity and increase growth, they do not connect this growth to an increase in jobs and economic security.

. . . recognizing the need to pursue sustainable development . . .

Canadian industry has made considerable progress in reducing pollutants, limiting waste and energy use and improving resource management. Continuing these efforts is essential to meet the needs of both present and future generations.

. . . presents challenges as well as opportunities . . .

About 600 000 net new jobs were created in the last two and a half years (despite a reduction in public sector employment of about 80 000 people). Nevertheless, Canadians still see prominent large-scale layoffs and continuing high unemployment, particularly in some regions of the country, and a consequent anxiety among those with jobs about their future economic security. For young people, in particular, entering the labour market is extremely difficult. Although they may be highly skilled, flexible and among the most computer literate, they are often unable to get that vital first job because of their lack of work experience.

According to the United Nations, Canada has an exceptionally high quality of life, but for those who fear shrinking incomes or unemployment, this claim has a hollow ring. The fact is that this quality of life has been financed by depleting savings and increasing borrowing by both individuals and governments. Today, consumers' discretionary saving is negligible, their indebtedness is at an all-time record high, and Canada's public debt is the second highest among the G-7 countries.

. . . and where our performance on the fundamentals has been weak — productivity . . .

Since the 1970s, Canada's Total Factor Productivity has been growing at only 0.2 percent per annum. No other G-7 country has a worse record. If it had continued growing at 2 percent per annum as it did in the 1960s, per capita income would be 42 percent higher today, there would be no fiscal deficit and taxes could be lowered.

Canada's labour productivity growth also lagged behind its major competitors (the United States and Germany) during the 1980s. We have outperformed our competitors in terms of productivity in base metal industries — reflecting Canada's comparative advantage in resource-based industries — but have underperformed in most technology-intensive industries. Canada must improve productivity growth in all sectors of the economy. This will require sustained effort on several fronts — including macro-economic and structural fundamentals.

... important aspects of our trade performance ...

The changing nature of the world economy affects the Canadian economy, through liberalization of investment and trade policies, declining transportation costs, and the revolution in communication and information technologies. National borders have become less meaningful. Canadian businesses must compete with firms from other countries not only for local and global market shares, but also for investment and technology. At the same time, globalization is offering new opportunities to Canadian businesses in the form of greater market access to other countries and faster technology diffusion.

In the area of trade, Canada has enjoyed a good performance of late. Due to the extraordinary high growth in exports last year, Canada's overall growth reached 2.2 percent. Without trade, there would have been no growth at all. But despite this success, three trade-related concerns need to be addressed:

- Canadian exporters still rely primarily on the U.S. market, with insufficient emphasis on opportunities in other parts of the world, particularly the fast-growing Asia Pacific region.
- Canadian exports still depend too heavily on resource-based industries. With commodity prices being highly cyclical and knowledge becoming an increasingly important factor of production, Canada must diversify its export and product markets.
- While responsible for most new jobs in Canada, SMEs have been slow in penetrating foreign markets, accounting only for about 10 percent of the total volume of exports.

... the incomplete character of our investment in productive capacity ...

Capital investment helps determine economic growth. It is largely driven by macro-economic factors, such as real interest rates and marketplace climate. Low inflation and declining fiscal deficits indicate that Canada now has the appropriate macro-economic fundamentals in place, and with somewhat lower real interest rates, current levels of machinery and equipment (M&E) investment have reached record highs. But sound macro-economic fundamentals, while necessary, are not sufficient to attract foreign direct investment in M&E and structures. Canada needs to establish partnerships such as CANARIE and the newly announced Technology Partnerships Canada program. These partnerships encourage risk sharing between the public and private sectors and lever investment in the development and commercialization of high technology products and processes. In addition, Canada needs a healthy marketplace climate that includes favourable rules regarding investment, competition and intellectual property, and a competitive tax regime.

... our ability to innovate ...

In the long run, Canada must become more innovative and work smarter. The OECD's 1995 review of Canada (*OECD Economic Survey—Canada: 1995*) describes Canada as suffering from an "innovation" or "knowledge gap." Canadian firms, particularly small and medium-sized enterprises (SMEs), lag behind their U.S., Japanese, German and French counterparts in adopting new technology, and their existing technologies are often out-of-date. The OECD review also notes that Canada's R&D expenditure as a share of GDP is currently among the lowest of OECD countries. Less than 1 percent of Canadian firms perform R&D and, of these, the top 25 firms account for almost half of all industrial R&D expenditures. A further indication of the "knowledge gap" is the low number of resident patent applications. Canada has approximately 3000 resident patent filings per annum compared with 107 000 annual filings in the U.S.

... or our investment in new forms of infrastructure and the skills of our work force ...

Productivity is also influenced by infrastructure. In the 1950s and 1960s, Canada invested heavily in education and traditional infrastructure to move goods and services across the country. To remain competitive in the global economy, Canada must both maintain existing infrastructure and invest in new infrastructure, such as the Information Highway, which will permit the movement of ideas and information throughout the knowledge-based economy.

Finally, an innovative work force is a key consideration in encouraging all aspects of innovation. Young and educated workers will provide new ideas and energy, and this under-utilized resource in Canada must be better integrated into the workstream if Canada is to launch itself into the new economy.

INDUSTRY CANADA'S ROLE IN THE GOVERNMENT'S JOBS AND GROWTH AGENDA***Helping to define and broaden the agenda ...***

The government's primary objective since the beginning of its mandate has been jobs and growth. The challenge has been to help Canadians realize the potential for employment and income growth based on innovation and technological development on the one hand, and trade and investment on the other.

In the fall of 1994, the government released its *Agenda: Jobs and Growth* papers.*

These papers set out the government's plan for:

- macro-economic policies to restore the health of Canada's public finances, by cutting spending, lowering inflation and laying the basis for lower real interest rates
- structural and framework policies for a dynamic, innovative and flexible private sector
- labour market policies for a more adaptive and more highly skilled work force.

* *Creating a Healthy Fiscal Climate; A New Framework for Economic Policy; Building a More Innovative Economy; and Improving Social Security in Canada.*

Industry Canada coordinated the preparation of one aspect of the *Jobs and Growth Agenda* — the 50-plus initiatives across 15 departments set out in *Building a More Innovative Economy* (BMIE). It 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, with a broadly based action plan under each item.

The 1996 Speech from the Throne further developed the *Jobs and Growth Agenda* by announcing initiatives to promote investment in science and technology development, and initiatives in international trade and youth employment, and the promotion of a proper climate for growth and jobs. The March 1996 Budget confirmed these commitments and reallocated government priorities to several areas involving Industry Canada that are crucial to supporting jobs and growth: Technology Partnerships Canada, Information Highway access via the Community Access Program, youth, science and technology initiatives, and trade and investment promotion. Jobs and growth continue to be the government’s priority and the focus of the department’s own efforts.

The department’s three lines of business will take on new challenges . . .

Industry Canada’s mission is to help create the economic conditions that promote investment, trade and innovation in the private sector. Since the 1995 Budget, the department has shifted emphasis from grants and contributions to information, services and advice. In Industry Canada’s 1995-96 Business Plan, the department’s activities were characterized in three interdependent lines of business:

- micro-economic policy
- marketplace rules and services
- industry sector development.

. . . in micro-economic policy — moving ahead on the Jobs and Growth Agenda . . .

For micro-economic policy, the challenges are to:

- broaden, deepen and extend policy responses on trade, business climate and the Information Highway
- implement the technology agenda announced in the science and technology strategy and focus future policy work on closing the innovation gap
- raise the profile of small business concerns and policy priorities.

. . . in marketplace rules and services — developing forward-looking legislative and regulatory frameworks that ensure a fair, efficient and competitive marketplace for business and consumers . . .

For marketplace rules and services, the challenges are to:

- continue to modernize the department's marketplace framework laws to ensure they represent international best practices and promote firm competitiveness, investment attractiveness and consumer confidence
- increase efficiency in compliance monitoring and improve services so that business and consumers can benefit fully from the marketplace rules established for their protection
- provide marketplace intelligence to help businesses, entrepreneurs and consumers respond to changing marketplace conditions.

...and in industry sector development — seizing opportunities in the development of sector strategies, business services and information products...

Industry sector development will provide a broader array of strategies programs and services to address emerging issues in:

- trade and investment
- technology
- strategic information, with a special focus on:
 - tourism
 - Aboriginal economic development
 - communications research
 - small business.

... while promoting sustainable development ...

The promotion of sustainable development is an important consideration throughout the department's activities. Within its lines of business, Industry Canada will foster sustainable development as a part of the tool kit for Canadian competitiveness in the global marketplace.

... and developing innovative ways of working that improve our ability to serve clients and the Canadian public ...

All government agencies today are facing an environment of diminishing resources, rapidly changing business environments, the sudden emergence of new technologies and new expectations by clients of what government should be doing and how it should do it. In such an environment, working in new ways to deliver better and more responsive services and to tap the creativity of our people has become a major objective of many public sector organizations, and Industry Canada is no different. In fact, developing new ways of working is a major theme for the department's business plan and will be a continuing priority over the three-year time frame of this planning cycle.

Major areas of emphasis include:

- **creating better links to clients** to increase understanding of the policy and service needs of our clients and the Canadian public
- **transforming service delivery through information technology** to improve existing — and create new — services for clients and to improve the efficiency of our internal operations
- **expanding the use of partnerships** to bring services closer to clients and increase the range of services we can offer
- **increasing flexibility through new organizational forms** (such as Special Operating Agencies) to promote innovation and improve efficiency
- **measuring performance** so we can better evaluate our use of resources and improve our ability to learn by doing
- **developing the skills of our staff** and managing them in ways that encourage initiative and creativity
- **achieving more targeted financial management** through new initiatives for revenue generation and reinvestment.

Our Lines of Business

Micro-economic Policy

OUR APPROACH

Policy development for the Jobs and Growth Agenda . . .

The micro-economic policy line of business addresses the major structural economic development issues in the Canadian economy. Key among these is the growing importance of knowledge as a factor of production. This is increasingly being recognized as a major shift in the dynamics of business success. To assist business in making the transition to knowledge-based growth, the government introduced a new micro-economic framework in the Orange Book, *Building a More Innovative Economy* (BMIE). The four pillars highlighted in BMIE — the marketplace, trade, technology, and infrastructure — continue to form the framework of the micro-economic agenda. Improved performance in each of these areas would help to increase productivity and reduce Canada's innovation gap, enhancing growth and job creation. **The department's goal over the next three years is to build on the emerging strengths in these areas, assist the economy through policies that will encourage a culture of business and consumer innovation, and offer new opportunities to youth.**

Future challenges in developing the micro-economic agenda . . .

Based on the BMIE pillars, the major challenge in developing the micro-economic policy agenda will be to identify key emerging issues and to marshal the analytical evidence for the appropriate policy responses — in short, to be able to present compelling cases for action and develop the horizontal frameworks that can engage the commitment of a diverse group of departments and agencies (inside and outside the Industry Portfolio). In playing this role, we face the following challenges:

- helping to position the department and the government for the next mandate and the micro-economy of the 21st century
- bringing consumer considerations and analyses early to the micro-economic policy agenda
- broadening and deepening the existing agenda, focussing on innovation as the overarching priority and paying particular attention to skills and human resources development, particularly for youth and SMEs
- using client feedback effectively to provide a clear client focus to policy initiatives
- balancing the need to ensure that resources and attention are devoted to implementing a very heavy agenda of existing commitments, while pursuing new policy issues
- integrating a sustainable development strategy and sustainable development concepts into the micro-economic agenda.

OUR ACCOMPLISHMENTS FOR 1995-96

Marketplace Climate

- Developed new legislation that is designed to transform the Federal Business Development Bank (FBDB) into the Business Development Bank of Canada (BDC) with a new mandate.
- Tripled the lending capacity of the *Small Business Loans Act* (SBLA) and moved the program toward cost recovery.
- Launched the Canada Community Investment Plan (CCIP) pilots to access venture capital and technical support for SMEs in smaller communities.
- Launched the Business Network Demonstration Project for SMEs, in partnership with the Canadian Chamber of Commerce.
- Launched the Internal Trade Agreement on July 1, 1995, and established the intergovernmental secretariat in Winnipeg.

Trade and Investment

- With DFAIT, developed new International Business Strategies.
- With DFAIT, negotiated subsidiary provisions and sectoral annexes to further implement major trade agreements (World Trade Organization, North American Free Trade Agreement).
- With DFAIT, launched new negotiations for bilateral free trade agreements for Chile (goods, services and investors) and for Israel (goods).
- With DFAIT and Finance, participated in OECD negotiations on the Multilateral Agreement on Investment.

Technology

- Released the federal S&T strategy: *Science and Technology for the New Century*. Based on extensive consultation within and outside government, the strategy outlines key goals, directions and priorities to be implemented in coming fiscal years, including a new and management regime for S&T in all departments and agencies.
- Participated in the development of the Industry Portfolio's response to the S&T strategy, outlining a 40-point action program.
- Published the final report of the National Advisory Board on Science and Technology, *Healthy, Wealthy and Wise*.
- Successfully concluded a five-year National Strategy for the Integration of Persons with Disabilities (68 projects completed — assistive devices).
- Licensed four applicants to provide competitive personal communications services (PCS), which will deliver a range of advanced telecommunications services.
- Issued a policy and call for applications to provide wireless broadband facilities known as "local multipoint communications services" (LMCS).
- Successfully negotiated in the World Radiocommunication Conference (WRC 97), an instructional spectrum conference, for Canadian-supported global mobile satellite systems.

- Undertook measures to protect the privacy of radiocommunications users from digital scanners.
- Advanced cost-based pricing in telecommunications by varying a decision of the Canadian Radio-telephone and Telecommunications Commission to de-link increases in local telephone rates from mandated decreases in long distance rates.
- In cooperation with Canadian Heritage, issued policy directions under the *Broadcasting Act* governing direct-to-home satellite broadcasting.

Youth

- Announced the Student Connections Program to assist Canadian businesses to learn about and use the Internet, *Strategis* and other on-line services.
- Announced SchoolNet Digital Collections to give young Canadians experience in the multimedia industry by digitizing heritage and scientific material for SchoolNet and the Community Access Programs, thereby providing youth employment opportunities.
- Maintained a large student co-op program and summer student program in the department.

SchoolNet

- Over 1000 services and resources are provided on its gopher and Web sites.
- Over 6000 of Canada's 16 500 schools are now connected to the Internet, as well as 100 of the First Nations schools.
- The existing Community Access Program was expanded by 50 percent.
- Over \$12 million in corporate contributions to the SchoolNet partnership, to accelerate the connection of all schools and libraries to the Information Highway, is expected by 1998.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

Marketplace Climate

Setting the overall directions for a healthy business climate . . .

The role of micro-economic policy is to set the overall direction for marketplace climate activities (some of which are carried out under other parts of the department's business lines) with a particular emphasis on small business while promoting a strong and vibrant domestic market and to provide the necessary research base on which appropriate policy directions can be founded.

Industry Canada will continue its agenda of legislative reform. The department's work on standards will be broadened and intensified because of their role in economic development, particularly in international trade. Regulatory reform will also continue, with the department aiming to show itself as a leader and role model in this area of federal priority. The department will work to improve the marketplace climate for consumers.

1996-97

- Complete Internal Trade Agreement unfinished business (on energy, procurement, consumer measures, etc.), oversee passage of Bill C-19 and implement a comprehensive communications plan.
- Position for "Round Two" working negotiations on the Internal Trade Agreement.
- Research the scope of small business needs for government-supported financing instruments, to provide the basis for the subsequent renewal of the *Small Business Loans Act* in 1998 and updating of its administration.

1997-99

- Continue to develop aspects of the government's long-term small business policy agenda and proposals to help reduce paperburden and improve small business participation in public procurement.
- Organize the 1997 Asia Pacific Economic Cooperation's SME ministerial meeting and business forum, a business development and research program, as well as promotional activities that would lead to and ensure follow-up to the event.
- Develop the departmental Sustainable Development Strategy, to be tabled by the minister before the end of 1997.

Trade and Investment***Focussing on new international business initiatives . . .***

Industry Canada's trade policy and trade development work will continue to improve access to expanding global markets, and encourage investment. The emphasis will be on small firms that have yet to realize their potential for participating in export markets.

1996-97

- Complete the International Investment Strategy.
- Together with DFAIT and Finance, complete the Canada-Chile Bilateral Free Trade Agreement.
- With DFAIT, complete the negotiations of an Information Technology Agreement.
- Together with DFAIT and Finance, complete the Canada-Israel bilateral Free Trade Agreement.

1997-99

- With DFAIT, complete negotiations on the Multilateral Agreement on Investment.
- With DFAIT, through accession of the World Trade Organization, improve market access to China, Russia and other emerging economies.
- Develop an international technology strategy.
- With DFAIT, complete General Agreement on Trade in Services (GATS) negotiations.

Technology

Setting the framework for science and technology policy . . .

Canada's ability to harness technology will determine whether it can close its "innovation gap" and prosper. The recently released federal S&T strategy, *Science and Technology for the New Century*, defines national goals and outlines a new governance system based on mechanisms for receiving expert external advice, improved interdepartmental coordination and more effective management. The strategy also introduces operating principles to guide departments and agencies in performing and investing in science and technology.

In response to the S&T strategy, the *Industry Portfolio Action Plan* will emphasize partnerships, innovative ways to transfer and commercialize technologies, and the creation of means to more effectively translate science and technology into social and economic innovation. To complement Technology Partnerships Canada, the Portfolio will highlight activities in advancing manufacturing technologies and information and telecommunications technologies as well as continue its commitment to other technologies such as biotechnology and environmental technologies.

1996-97

- Establish the new advisory council and the coordinating council on S&T.
- Launch a new reporting system for S&T to the Treasury Board Secretariat and to Cabinet to help track how well the economy is translating S&T into innovation and economic growth.
- With Industry Portfolio partners, implement and exploit new opportunities for collaboration under the *Industry Portfolio Action Plan* for the new S&T strategy.
- Complete the department's technology agenda in support of the new S&T strategy.
- Collaborate with Statistics Canada and the OECD to develop a new system of indicators for a knowledge-based economy.

1997-99

- Develop the policy framework for Phase 3 of the Networks of Centres of Excellence Program.
- Undertake a research program on the links between technology and job creation.

New frameworks for telecommunications and the Information Highway . . .

Information and communication technologies are the most dramatic force behind current technological change — the implications for new products, processes and services as well as for jobs and growth are enormous. The Information Highway affects people too. Young people are quick to learn the new technologies but are not finding it easy to enter the work force. Older workers are finding their skills inadequate. Businesses may be slow to realize the potential efficiencies of adopting the new technologies. Consumers appreciate the increased information and product choice, but have concerns about the protection of personal information.

Industry Canada's activities in setting telecommunications policy are designed to promote competition, improve access to international markets (especially the United States), and encourage expanded use of telecommunications as a normal business practice. Consumer concerns such as privacy will be addressed. Special attention will be given to promote Canadian content as a means of encouraging jobs and growth.

1996-97

- With Canadian Heritage, develop a new convergence policy on competition between telecommunications and cable-TV companies.
- Introduce policies and initiatives to promote competition and access to international markets (especially the United States). Initiatives include participation in GATS negotiations on basic telecommunications services.
- Licence Local Multipoint Communications Systems (LMCS) service providers.
- With Canadian Heritage, establish an Information Highway policy framework governing convergence.
- Formulate proposals for a legislative framework for the protection of personal information.
- Create the Assistive Devices Program Office in partnership with the private sector to form a National Association Seed Fund for development of new access devices for the disabled.

1997-99

- With Canadian Heritage, introduce strategies to encourage development of Canada's cultural industries.
- With Canadian Heritage, introduce a National Access Strategy to encourage access to the Information Highway.
- With other departments where there is a joint responsibility, review broad policy issues involved in the regulation of telecommunications, especially competition in local telephone services.

Youth

Exposing young people to opportunities . . .

The department is evolving a wide range of programs to introduce youth to the information economy and the potential benefits and opportunities it can provide them both in the education system and as a stepping stone to employment. Through initiatives such as SchoolNet, the Student Connections Program, Digital Collections, and the Community Access Program, young people especially are being exposed to the opportunities for personal and economic advancement that are offered by the new communications and information technologies.

1996-97

- Through SchoolNet, connect all 447 First Nations schools under federal jurisdiction by the end of 1996-97.
- Approximately 350 students from 28 educational institutions will participate in the Student Connections Program during the summer. An additional 650 students will be hired during the fall and winter terms to connect firms to the Internet and train their managers in the use of business applications.
- Create up to 760 summer jobs for students to work directly with Community Access Program sites to help develop their projects.

1997-99

- Through SchoolNet, encourage all of Canada's 16 500 schools and 3400 libraries to get connected to the Internet by 1998.
- Through the Student Connections Program, help thousands of Canadian businesses increase their awareness of the Internet and of new technologies and learn how to use *Strategis* and other on-line services, through the first-phase hiring of hundreds of students. Three-year target: 2000 students helping 50 000 businesses.
- Through Digital Collections, complete 100 or more digitization projects involving 850 four-week job units in all provinces and territories.
- Through the Community Access Program:
 - increase the number of communities targeted for connectivity to 1500
 - more fully engage regional agencies and provincial and private sector organizations in the program through the use of strategic partnerships.

Marketplace Rules and Services

OUR APPROACH

Industry Canada is responsible for important pieces of legislation that contribute to ensuring a fair, efficient and competitive marketplace for business and consumers. Through delivering a wide range of services in support of this legislation, the department encourages Canadian

firms, entrepreneurs and consumers to take full advantage of the protection these marketplace rules offer. More recently, new technology is enabling the department to provide easily accessible marketplace information products to help businesses, consumers and policy makers respond better to changing conditions.

National and international marketplace laws set the framework . . .

The department's marketplace rules and services line of business represents a significant portion of the government's policy levers for maintaining an efficient and equitable marketplace, thus enhancing Canada's attractiveness for investment. Some 20 Acts set the policy and regulatory framework for the marketplace in such areas as competition, incorporation and corporate governance, intellectual property, bankruptcy, legal metrology approval and inspection, consumer product inspection and voluntary codes of practice, spectrum licensing and monitoring, and small business loans administration. As well, the department represents Canadian interests in negotiations on related international agreements that help Canadians compete more effectively in global markets.

Industry Canada's marketplace framework laws

Bankruptcy and Insolvency Act, Boards of Trade Act, Canada Small Business Corporations Act, Canada Cooperative Associations Act, Canada Corporations Act, Companies' Creditors Arrangement Act, Competition Act, Competition Tribunal Act, Consumer Packaging and Labelling Act, Copyright Act, Electricity and Gas Inspection Act, Industrial Design Act, Integrated Circuit Topography Act, Investment Canada Act, Lobbyists Registration Act, Patent Act, Precious Metals Marking Act, Radiocommunication Act, Small Business Loans Act, Standards Council of Canada Act, Textile Labelling Act, Trade-marks Act, Weights and Measures Act, Winding-Up Act.

. . . effective administration and services maintain public confidence and Canadian competitiveness . . .

Industry Canada also provides services that ensure compliance with marketplace laws and help businesses and consumers benefit fully from the marketplace rules established for their protection. Impartial, efficient compliance and monitoring programs and affordable, timely, accessible services are key to maintaining business and consumer confidence in the system.

. . . and marketplace intelligence helps businesses compete . . .

In providing marketplace rules and services, the department gathers and generates a wealth of intelligence about the business climate, technology development and market conditions. Only now, with new information and processing technologies, can this information be collected, analyzed and delivered in a timely fashion at reasonable cost. New technology, combined with re-engineering processes, will make this information available to business and public policy makers 24 hours a day, seven days a week.

OUR ACCOMPLISHMENTS FOR 1995-96

- Implemented recent amendments to the *Canada Business Corporations Act* and began consultations on Phase II reform of the Act. Amendments and areas for reform include: going-private transactions, directors' residency, shareholder communications, directors' liability, insider trading, financial assistance, unanimous shareholder agreements and takeover bids.
- Completed consultations on the proposed amendments to the *Competition Act*.
- Signed a Canada-United States policy agreement that establishes closer cooperation in the enforcement of the Canadian *Competition Act* and U. S. antitrust legislation, including deceptive marketing practices laws.
- Reintroduced amendments to the *Bankruptcy and Insolvency Act* to strengthen reorganization provisions that help businesses recover from insolvency.
- Completed a multi-year project to restructure regulations under the *Radiocommunication Act* that will improve the department's ability to regulate in step with technological advances.
- Published a draft allotment plan to allow eventual replacement of all AM/FM radio stations with Digital Radio Broadcasting (DRB), based on newly acquired world spectrum allocation, and completed a comprehensive review of the comparative selection and licensing process used to assign spectrum to applicants.
- Completed the first phase of a review of radio station licence fees that seeks to establish a simpler, more equitable fee structure and promote use of more spectrum-efficient technology.
- Expanded Legal Metrology Branch's Accreditation Program to enable private sector organizations to conduct initial inspections of some types of scales and petroleum meters, in addition to the current electricity and natural gas meters.
- Increased electronic access to marketplace services and information in marketplace service organizations.
- Conducted client consultations on service standards, proposed regulations and new codes in marketplace service organizations.
- Successfully delivered services in response to increasing volumes:
 - 67 900 intellectual property applications
 - 8400 new incorporations
 - 46 700 competition transactions (complaints, merger prenotifications, advance rulings and information)
 - 70 000 radio licences
 - 78 600 bankruptcies
 - 12 000 consumer product inspections and warnings
 - 33 000 business loans under the *Small Business Loans Act*.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

Design frameworks that respond to the rapidly changing marketplace . . .

Industry Canada will continue to examine its marketplace legislation and international agreements to ensure they reflect the changing domestic and global economy and do not impose undue costs on business. The department's ultimate objective is to develop marketplace frameworks that are international benchmarks and promote Canadian standards globally, thus supporting Canadian firms in their efforts to do business outside the country. Over the next three years, many of Canada's major marketplace laws will be reviewed and amended.

1996-97

- Introduce amendments to the *Competition Act* to streamline information requirements and to enforce the law more effectively in some areas, i.e. anti-competitive and deceptive practices originating outside Canada.
- Contribute Canadian technical studies and perspectives to the World Radiocommunication Convention 1997, to ensure Canadian success in securing access to international radio frequency spectrum for mobile satellite and space science services and operations, earth exploration and meteorological satellite services.
- Issue technical standards, rules and procedures and frequency allotment plans for spectrum, and negotiate agreements with the United States on spectrum use in border areas to facilitate the implementation of the first commercial DRB stations in Canada.
- Consult with stakeholders (Canadian Bankers' Association, caisses populaires, etc.) to identify improvements to the *Small Business Loans Act*.
- Continue to work with the International Legal Metrology Organization and the Asia Pacific Legal Metrology Forum to harmonize regulations and specifications for measurement devices in an effort to reduce trade barriers.
- Amendments to the *Copyright Act* will address both new rights for creators and exceptions for users. These amendments were tabled on April 25, 1996.
- Consider amendments to the *Standards Council of Canada Act* that will modernize its mandate and streamline its operations.
- Consider amendments to the *Bankruptcy and Insolvency Act* that will improve the framework for both commercial and personal bankruptcies.

1997-99

- Table legislation to substantively amend the *Canada Business Corporations Act* to allow Canadian corporations to react more quickly to changes in the economy, and submit a report to Parliament on the operations of the Act, due in 1997.
- Parliamentary review of Bill C-91, dealing with patents on pharmaceutical products.
- Introduce amendments to the *Small Business Loans Act*.
- Analyze issues related to patenting of higher life forms in response to rapid technological advances and international patent developments.

- Continue to work with the U.S. Conference on Weights and Measures to harmonize regulations and specifications for measuring devices.
- Address competition issues related to industries becoming deregulated, notably telecommunications and transportation, and pursue increasing fine levels in criminal cases.
- Explore and develop innovative framework-based approaches to facilitate consumer transactions in the marketplace with partners in the provinces, industry and the consumer movement.
- Establish a series of initiatives to support the national standards system.
- Continue to promote harmonization of international standards and approaches for intellectual property, competition law and policy, legal metrology and other marketplace frameworks.

Serve clients more efficiently through innovations and higher productivity . . .

Over the next three years, the department will seek to maintain compliance with marketplace laws, and focus on increasing efficiency in inspection services in such areas as legal metrology and consumer products. Industry Canada will also provide new services directed particularly at SMEs.

1996-97

- Carry out a survey representative of SMEs and law firms to identify their service needs respecting incorporations and related issues.
- Undertake an extensive research program to identify the service needs of SMEs related to Canada's intellectual property system, and carry out initiatives to promote an intellectual property culture in Canada.
- Implement electronic filing and issuance of documents under the *Canada Business Corporations Act* along with a 1-800 single business number, combine the federal corporations annual return filing with the corporate income tax return, and work with provincial counterparts to harmonize or eliminate extra-provincial corporate registration requirements.
- Simplify administrative procedures and increase automated processing of loan registrations and claims for payment under the *Small Business Loans Act*.
- Focus consumer product compliance activities on the increasing number of retail outlets that are becoming direct importers (border management will be an important priority in this context), and undertake investigations in emerging areas such as electronic marketing and point of sale scanners.
- Target legal metrology inspections in areas where compliance is low and/or volume of trade is high.
- Open up access to new areas of radio spectrum, combat illegal spectrum use and expand client service.

- Respond to a growing demand for services in 1996-97:
 - 94 000 bankruptcies, 4700 commercial reorganizations and consumer proposals and 1500 receiverships (20-percent increase)
 - for federal corporations, 34 000 articles, 165 000 statutory filings, 136 000 information requests and 200 000 compliance activities
 - 68 800 intellectual property applications (slight increase mainly in trade-marks)
 - 75 000 radio licences, 4800 broadcast applications, 4400 radio operator examinations, 205 900 bilateral proposals and international notifications and 1500 radio equipment approvals (17-percent increase)
 - 56 700 competition-related complaints, requests for advance rulings, merger prenotifications, advisory opinions and information requests (21-percent increase).

1997-99

- Evaluate Legal Metrology Branch's Accreditation Program to determine whether it can be expanded to include other services.
- Develop new client services based on market research in intellectual property, corporations, bankruptcy, consumer affairs and spectrum.
- Continue to examine enforcement and compliance monitoring programs to increase efficiency while maintaining adherence to the law.

Develop information products that meet client needs . . .

Over the next three years, the department will develop and deliver a range of marketplace information products that will help businesses and consumers respond to new trends and developments in the national and international marketplace.

1996-97

- Develop more information products related to marketplace services such as:
 - directing client access to a daily updated database on federal corporations
 - publishing the results of investigations into the causes and trends in bankruptcy and insolvency, and making them available to business and policy decision makers
 - providing a variety of information of interest to consumers
 - through continuing development of the TECHSOURCE and INTREPID II patent and trade-mark automation projects, providing new services that allow users to find solutions to technological problems, avoid wasteful publication of research and development, and facilitate access by SMEs to information resident in the system
 - issuing a new quarterly publication (*CompAct*) and a new series of pamphlets for consumers and corporations on competition issues.

1997-99

- Develop new information products in Corporations, Bankruptcy, Legal Metrology and Consumer Affairs branches, Spectrum Management and the Canadian Intellectual Property Office to respond to client needs and take advantage of new technology.

Industry Sector Development

OUR APPROACH

Through the industry sector development line of business, Industry Canada's objective remains to contribute to economic development and job creation in the context of an increasingly open, knowledge-based economy by:

- developing a climate in which the private sector can develop faster than it could on its own
- creating a competitive advantage for Canadian firms over foreign competitors
- increasing national productivity
- encouraging cost-effective, environmentally sustainable technologies and practices in Canadian industry.

Industry Canada has worked over the past year to deliver on its commitment of a new approach to industrial development through trade, technology, investment and human resources development. A strong foundation has been laid in terms of Industry Canada's new vision, goals, priorities and action plans within the department's re-engineered organization and activities.

This business line also includes organizations targeted toward business and trade development for specific sectors: Canadian Tourism Commission, FedNor and Aboriginal Business Canada. These programs are described separately at the end of this section.

OUR ACCOMPLISHMENTS FOR 1995-96

- Launched Technology Partnerships Canada (TPC) with the private sector. This program invests in research, development, demonstration and market development of environmental technologies, certain enabling technologies, and aerospace and defence industries. The objective is to level the international playing field for Canadian firms facing foreign competitors. A TPC investment is fully repayable: the government shares with the private sector both the risks and rewards of this investment, including a share of the proceeds. TPC will recycle all repayments back into the fund for future investments.
- Launched *Strategis*, Industry Canada's on-line strategic information service (see below the section on New Ways of Working).
- Put in place a new government-wide trade strategy co-managed with DFAIT, and involving other federal departments, provincial governments and the private sector to bring a more strategic and coordinated approach:

- developed Canadian International Business Strategies for 18 industry sectors that specify actions among federal, provincial and private sector partners to capitalize on global opportunities in those sectors and build on the competitiveness of Canadian industry
 - established 17 National Sector Teams of federal, provincial and private sector partners to develop trade strategies, information and services to assist companies in their exporting efforts, with six more sector teams in initial stages of formation
 - opened an International Business Opportunities Centre (IBOC) jointly with DFAIT
 - established Regional Trade Networks in all 10 provinces among core federal and provincial economic, industry, regional development, agriculture and fisheries departments to provide efficient, effective trade services to companies in export preparation, market information and intelligence, counselling and international financing
 - concluded nine agreements or understandings with provinces and territories to harmonize trade services, forming the basis for seamless delivery through the Regional Trade Networks
 - developed an evergreen Calendar of Regional Trade Events on *Strategis*.
- Undertook innovative technology transfer initiatives such as the Innovation Centre and the BADLAB, through the Communications Research Centre (CRC). This centre is the government's instrument for conducting research and development in wireless communications and related areas in response to statutory responsibilities. The CRC contributes to the technical basis for the development of public policy, regulations and standards that are conducive to the development of new products, systems and services, and supports industry through the transfer of knowledge and technology.
 - Increased Canadian business opportunities in such fora as Globe 96, Telecom 95, G-7 pilot projects (including linking SMEs to the global marketplace) and the Halifax Summit.
 - Provided direct support and assistance to companies to obtain projects in markets such as the Czech Republic, Thailand, China, India and Pakistan.
 - Pilot-tested a new approach to investment promotion by directing efforts at the Wallenberg Group, a Swedish conglomerate, that resulted in a \$650-million investment in the Stora pulp and paper mill in Cape Breton, and developed an investment strategy aimed at selected multinational enterprises, building on the experiences from the Stora investment and other investments by Toyota (\$600 million) and Honda (\$300 million).
 - Adopted a risk-sharing arrangement for financing commuter aircraft that will provide comparative financing so more aircraft can be sold in world markets.
 - Began development of two major strategic frameworks and action plans in the Advanced Manufacturing Technologies and Information Technologies sectors, with Industry Canada portfolio partners and industry representatives.

- Established, in conjunction with 18 federal departments and agencies, an Open Government Web site pilot, with receipt of over one million inquiries, and facilitated transfer of this site to the Government Telecommunications and Information Services Agency for use as a base to launch the new Canada Site.
- Completed the first phase of PRECARN (Pre-competitive Applied Research Network), creating a consortium to support long-term pre-competitive R&D in the field of intelligent systems, particularly advanced robotics and artificial intelligence.
- Launched the second phase of CANARIE (Canadian Network for the Advancement of Research, Industry and Education) to help Canadian companies in pre-competitive R&D and applications development.
- Concluded a national strategy for the Integration of Persons with Disabilities Program.
- Developed innovative electronic trade directories highlighting Canadian environmental solutions.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

We will work to encourage trade and investment . . .

Future economic growth will depend heavily on Canada's ability to remain competitive in traditional markets, to penetrate new ones, and to become the "NAFTA location of choice" for foreign investors. In trade, our goals are to increase the number of SMEs exporting, diversify existing markets, and develop a more client-driven service approach. Within government, our goal is to develop a more substantive planning process, based on prioritizing sectors, for resource allocation decisions concerning international business development. In investment, our goals are to target and focus ongoing efforts of Industry Canada and government on attracting and retaining investment to sustain our level of economic growth.

1996-97

- Further develop and implement the 18 Industry Canada-led International Business Strategies, and implement and expand the related National Sector Teams.
- Refine the content and strategies contained in the 10 Regional Trade Plans (RTPs), establish service delivery strategies for the 10 Regional Trade Networks (RTNs) and pilot a tracking and performance measurement system in some RTNs.
- In partnership with DFAIT, develop and begin implementation of a new government strategy on investment.

- Jointly with DFAIT, establish a new Major Investment Promotions Unit and through it identify a limited number of high-impact opportunities to attract/expand/retain multinational enterprise investment in Canada, and develop and implement specific strategies to meet this goal, i.e. with the Wallenberg Group through a minister-led delegation to Sweden — an example of the targeted investment promotion programs that will form the next phase of the emerging relationship.
- In cooperation with DFAIT, increase the number of successful bids by Canadian firms in the US\$24-billion-a-year International Financial Institutions (IFI) capital project market by:
 - holding 20 firm-specific meetings to assess actual IFI project procurement opportunities and agree on which ones to jointly pursue
 - organizing five, sector-targeted, IFI project-focussed trade missions, supported by intelligence networks.

Team Canada — International Investment Development: A joint initiative with DFAIT

The existing Investment Development Program will be broadened to target genuine high-impact multinational enterprise investment opportunities and improve linkages between investment promotion abroad and domestic industry expertise, specifically to:

- use prominent, credible Canadian CEOs to make the case for investing in Canada to their international counterparts
- establish an investment unit to support targeted multinational enterprises selected through sound analyses
- increase the number of countries where the SME investment prospecting program operates
- coordinate and integrate better investment development activities among all stakeholders.

1997-99

- Develop export financing vehicles with the leverage of the private sector and pooling of risk, building on the regional aircraft model, for expansion to other sectors.
- Continue to make significant progress toward the goal of doubling the number of SME exporters by the year 2000, and achieve diversification of both foreign markets beyond the United States, and the current export product mix by, for example:
 - linking Canadian capabilities with foreign needs through the continued professional and efficient handling of approximately 6000 market diversification and international partnering enquiries in the IBOC
 - negotiating Mutual Recognition Agreements to remove technical barriers to trade in the Republic of Korea and Mexico for telecommunications equipment
 - in partnership with trade associations and others, provide training and tools to SMEs to enhance export readiness.

- Improve market access through use of the consulting engineering database for assisting with international bids, advocacy regarding Canadian grading standards for panel and lumber products in Japan, and the development of the North American Fabric Sourcing Directory.

... close the innovation gap through technology ...

The goal of the department is to close the innovation gap to ensure the international competitiveness of Canadian firms, and to build strong, globally competitive information technology, content and cultural industries. Specific goals are to build the Information Highway and develop innovative new products and services in collaboration with the private sector that will accelerate leading-edge technology development, application and diffusion.

1996-97

- Implement the Technology Partnerships Canada program and negotiate further partnerships linked to program delivery.
- Define the CRC's research role in response to the Information Highway Advisory Council recommendations and the departmental response, initiate a multiwavelength optical network trial in partnership with industry, and conduct in-house R&D related to the development of on-board processing systems and components from low-cost earth terminals for multimedia satcom applications.
- Implement a Technology Action Plan reflecting the government's S&T statement and the Portfolio response.
- Launch technology roadmaps in seven sectors to build consensus among industry sector stakeholders on trends in technology. These are mechanisms to identify future market needs and then to collaborate with stakeholders (e.g. governments, technology users and suppliers) to develop the new technologies required to meet those needs.
- Roll out the National Test Network for CANARIE; launch a second round of Technology Application Development projects; move CA*net (the Canadian Internet) toward commercialization and develop international linkages.
- Initiate a major round of collaborative, pre-competitive R&D projects in robotics and intelligent systems under PRECARN and further develop small business programs.
- Implement a government-wide action plan in response to the Information Highway Advisory Council report.
- Promote the government's sustainable development objectives and establish innovative links between economic and environmental goals by, for example:
 - creating, in partnership with other government departments, Ontario and industry, an Internet-based Virtual Office to provide information, services and advice to environmental firms
 - developing case studies and hosting a workshop on private sector-led missions and trading initiatives in Canada
 - contributing to designing the department's Sustainable Development Strategy.

1997-99

- Develop partnerships with external organizations to enhance knowledge and technology transfer from the CRC program, continue to incubate new enterprises and provide greater access to the CRC's specialized facilities, expand the Innovation Centre and forge stronger relationships with clients.
- Improve Canada-United States relations in S&T, particularly in helping Canadian industries access U.S. opportunities and programs.
- Develop projects to contribute to the "Clean Car" in the automotive parts sector.
- Continue to develop services in partnership with the National Centre for Manufacturing Science and the Japanese Manufacturing Engineering Exchange.
- Continue to pursue the development and application of environmentally benign technologies, for example, through the memorandum of understanding with PAPRICAN (Pulp and Paper Research Institute of Canada) for closed-loop technologies in pulp and paper production.

... and design targeted information products for business

Our goal is to ensure that Canadian businesses of all sizes have access to timely, accurate and targeted information to meet a range of trade, investment and technology needs. The prime focus will continue to be on significant contributions to *Strategis* to support industry sector development opportunities. Paper and electronic portable information products will also be developed and improved.

1996-97

- Deliver and then significantly enhance and expand the *Strategis* industry sector content and coverage, in partnership with the private sector, through the publishing of additional studies, reports, focus group findings, client consultations, etc. An example of a specific, high-profile initiative for *Strategis* is Steps to Competitiveness, a new, user-friendly diagnostic tool to help firms in the service sector improve their access to foreign markets.
- Publish 11 initial Sector Competitiveness Framework (SCF) Outlook documents and Action Plans and complete the Outlook documents for 14 more, as a major contribution to the analytical base for the government's economic agenda.
- Maintain and enhance trade-related information and intelligence availability to Canadian firms through, e.g. WINEXPORT, NEXPRO, Env-I-Net.

1997-99

- Continue to enhance the industry sector development content of *Strategis* as the key vehicle for the department's information products initiatives.
- Refine the SCF outlook documents and action plans based on consultations with industry, and engage other departments in addressing issues raised in the action plans.

Canadian Tourism Commission

OUR APPROACH

The strategic thrusts of the Canadian Tourism Commission (CTC) are to position Canada as a desirable tourist destination and to provide timely and accurate information to the industry to assist their decision making.

An industry making a major contribution to the Canadian economy . . .

Increased revenue to the private sector from increased demand for its products and services generates jobs for Canadians and, as an additional benefit, provides revenue for the public sector. For example, the CTC estimates that, as a result of the \$1.6-billion increase in tourism industry revenue from 1994 to 1995, some 33 700 new jobs were created and the federal government received \$368 million in additional revenue.

But the performance of the industry also has impacts beyond that of immediate job creation. In the early 1990s, the tourism industry's relatively poor performance in international terms meant that in 1992 we had a deficit on the travel account of \$8.2 billion or 30.8 percent of the current account deficit for that year. The industry's improved performance (i.e. more foreign travellers came to Canada while fewer Canadians went abroad) meant that by 1994 this deficit had dropped by 7.6 percentage points, amounting to about 23.2 percent of the current account deficit. It further improved by declining an additional \$900 million (from \$5.8 billion in 1994 to \$4.9 billion in 1995). By reducing tourism's contribution to the current account deficit, the industry helps reduce pressure on the value of the dollar and consequently helps to keep interest rates low — benefits that accrue to all-industries and all Canadians.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

The CTC will attract partners and increase partner funding to \$50 million, which combined with a similar amount of federal revenues will enhance Canada's ability to:

- promote Canada in highly lucrative but competitive markets
- promote Canada as a four-season destination
- raise awareness of Canada in all primary markets.

To achieve its future commitments, the CTC will need to make broader use of revenue generation mechanisms to allow investment in new client services that are market driven and responsive. There will also need to be further tailoring of the ability of the CTC to respond to a private sector working environment. Further flexibilities will be necessary regarding the management of partner funding, the relationship with agencies of record and the ability of the CTC to generate revenue and utilize that revenue to enhance the CTC's programs.

Federal Economic Development Initiative for Northern Ontario

OUR APPROACH

In March 1996, the Minister of Industry announced a new economic development approach to Northern Ontario. It included a restructuring of FedNor, the federal economic development agency for Northern Ontario, as well as the programs and services FedNor offers. The 1996 Budget also announced an annual infusion of \$20 million in funding in each of the next three years to support this new initiative.

The new approach will focus on SME development in such critical areas as export capability, technology adoption, management skills and business financing. Special emphasis will be given to promoting self-sustaining local development institutions and enhancing access to programming by Aboriginals, youth and women entrepreneurs. Given the sheer size of Northern Ontario and the cost and difficulty of providing services there, innovative use will be made of electronic networks to supply information and services. FedNor is also pursuing partnerships with the province, other government departments and the private sector to complement the support it provides to regional economic development.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

Key elements of the new FedNor approach to be implemented include:

- Improve access to capital for SMEs through innovative "Loan Loss Reserve" arrangements with financial institutions, including the BDC. FedNor funding will be leveraged through Loan Loss Reserves and other mechanisms to provide access to funding of more than \$60 million for SME clients.
- Focus on facilitating the establishment of electronic information networks that can support business networking, access to technology, skills development, trade promotion and regional economic development.
- Improve service delivery to SMEs by increased accessibility to information and services through the network of 22 CFDCs and other partners in the North.
- Emphasize community-based economic development, primarily to be achieved through service delivery partnerships with CFDCs and ensure that they become more self-sufficient.
- Develop a regional analysis and advocacy capability to provide timely and relevant regional input to policy-making processes.
- Establish leading-edge client feedback mechanisms to facilitate continuous service improvement and undertake a comprehensive evaluation of FedNor's new programs and services after two years of operation.

Aboriginal Business Canada

OUR APPROACH

Aboriginal Business Canada will continue to promote the development and competitiveness of Aboriginal businesses throughout Canada. In concert with its National Aboriginal Economic Development Board, the program is acting on new strategic priorities and tightened criteria that respond to marketplace realities and emerging opportunities for the growth of Aboriginal businesses. These priorities consist of:

- expanding domestic and export markets, including the development of Aboriginal tourism products
- extending the use of technology
- improving access to business capital
- supporting Aboriginal youth business development and entrepreneurship.

OUR ACCOMPLISHMENTS

Linked to the government's jobs and growth priorities, this increasingly focussed approach builds on notable and sustained success. Program investments since 1989 totalling \$320 million have resulted in an overall investment from all sources of \$1 billion in the Aboriginal private sector. Independent studies indicate that client firms perform well, and are effective generators of employment and tax revenue, which benefit the national economy as a whole. For example, the 1341 firms that were examined in the most recent study had created the equivalent of 5875 full-time jobs for Aboriginal and non-Aboriginal Canadians.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

A number of initiatives are under way, or will be undertaken during the planning period, including:

- investment in more than 300 Aboriginal firms in support of market expansion, use of technology and youth business development
- development of products and tools to teach and encourage entrepreneurship (particularly among Aboriginal youth), resulting in a minimum of five new electronic information products
- the linking of Aboriginal businesses to the Information Highway in order to improve their competitiveness
- trade initiatives ranging from the publication of a chapter on Aboriginal goods and services in the government's formal trade business plan and the launch of a national Aboriginal Trade and Export Directory, to specific trade projects such as an August trade mission to the Frankfurt, Germany, consumer goods international trade fair
- specific efforts to create more effective partnerships with regional agencies and other departments to increase Aboriginal business development results.

Other Activities

The Ethics Counsellor

OUR APPROACH

Industry Canada will continue to fulfil the government's mandate for the integrity of federal institutions through the Ethics Counsellor. The Ethics Counsellor promotes public confidence in the integrity of federal institutions by implementing the conflict of interest code for public office holders, the strengthened lobbyists registration rules, and a code of conduct for lobbyists. The Ethics Counsellor also provides advice to the Prime Minister on broader ethical issues.

OUR COMMITMENTS FOR 1996-97 AND ONWARD

Over the next three years, the application of the conflict of interest rules will continue and several aspects of the mandate will become more active by:

- providing training and advice on the new registration requirements for lobbyists
- advising lobbyists on the application of the forthcoming code of conduct
- assisting federal agencies to upgrade their own codes of conduct
- contributing expertise to national and international initiatives on governmental ethics
- conducting investigations, where required, including those under the code of conduct for lobbyists.

The office is being reorganized to carry out these new activities, operational staff are becoming increasingly cross-functional and electronic systems are being enhanced.

Corporate and Management Services

The staff functions of the Finance, Human Resources, Audit and Evaluation and Communications branches report directly to the Deputy Minister. Each of these organizations face considerable challenge over the next three years in adopting systems and processes to accommodate new programs, activities and organizational arrangements being implemented in all lines of business across the department. Details of the goals and objectives of Corporate and Management Services organizations are set out in Annexes A through E. In addition, some of the new innovative approaches we are taking to the management of corporate resources and our employees are outlined in the next section.

New Ways of Working

Governments around the world are re-examining what they do and how they do it. As a department with significant micro-economic policy responsibility and national industry and marketplace services, Industry Canada is placing emphasis on new ways of working. Over the next three years, the department will pursue innovative approaches in all its lines of business. It will pay particular attention to redesigning its services and operations to make them more efficient and responsive to change.

We will build better links to clients . . .

The department will expand its current policy, industry and client consultation mechanisms and take greater advantage of its national and regional service delivery networks, which include 90 delivery points in 57 communities across Canada.

For example:

- A departmental and ministerial consultation strategy is being developed with key stakeholder groups, and next year we will seek to integrate that strategy across the Industry Portfolio.
- Industry Canada's five regional offices will play a bigger role in consulting Industry Canada clients in all regions and in providing feedback on region-specific client needs and perspectives to contribute to policy and program development.
- A domestic Trade Team Canada strategy is being developed with other federal departments, provincial governments and the private sector that will deliver a more strategic and coordinated approach to business and trade development and increase industry participation in international projects and opportunities.
- Newly restructured Aboriginal Business Canada and FedNor will work more closely with private sector businesses, associations, community groups and others to teach and encourage entrepreneurship, use of technology and participation in international markets.

Industry Canada's Regional Offices deliver key services:

- Trade Team Canada
- Spectrum management
- *Strategis* promotion
- Canada Business Service Centres
- SchoolNet promotion
- Legal metrology inspection
- Consumer products inspection
- Bankruptcy services
- Client liaison
- Canada-Ontario Infrastructure Works program implementation
- Regional round tables
- Canadian Technology Network.

- Marketplace service organizations will carry out significant market research and customer and client consultations aimed at increasing awareness of, and improving, service. Compliance and inspection services will consult more widely with business and consumers to improve efficiency, increase effectiveness and reduce costs to business.

... transform service delivery through information technology ...

On March 27, 1996, the Prime Minister and the Minister of Industry officially launched Industry Canada's on-line "Strategic Information Service" (*Strategis*), designed to improve the competitiveness of SMEs. Industry Canada has a wealth of information at its disposal. The department's business specialists monitor the economy, study industry, market and consumer trends, and analyze information from around the world. Industry Canada can now make this information more easily available to Canadian businesses through the Internet, via *Strategis*.

Strategis is the largest business Internet site in Canada. Its powerful search engine makes it easy for users to tailor searches through the 60 000 reports, 500 000 pages of text, and two gigabytes of statistical data stored on *Strategis*. This information is organized thematically from a business viewpoint and is searchable by industry sector, topic and geography, as well as with its full-text search engine. Access to the fielded databases is dynamic, with tabular and graphical information generated in real-time based on the client's own search criteria. Since the launch, over 1000 people sign onto *Strategis* each day.

- In 1996-97, Industry Canada will partner with the Industry Portfolio, other government departments and the private sector to build new information collections, to allow better access and searching capabilities across multiple on-line sites, and to provide additional features such as conferencing as part of an improved *Strategis* interface. Over the next three years, 2000 students will be hired to help 50 000 Canadian businesses increase their awareness of the Internet and of new technologies and learn how to use *Strategis* and other on-line services.

- Additional marketplace services databases will also be brought on-line with registration and secured commercial access, so as to allow for fee-based business transactions. For example, bankruptcy statistics will be offered on-line, along with federal corporations search services and legal metrology notices of approval, accreditation standards and guidelines.
- New specialized Web sites are also being created that will enhance services to specialized clientele. Aboriginal Business Canada's Spirit of Aboriginal Enterprise will be expanded as a key gateway for Aboriginal peoples into *Strategis*. FedNor will develop a Web site with hot links to market its services.
- As part of the SchoolNet program, the department will work in cooperation with provincial ministries of education to encourage all of Canada's schools, including First Nations schools, and libraries to connect to the Internet by 1998. Through the Community Access Program, the department also hopes to connect additional rural and remote communities to the Internet.
- Major database automation projects for intellectual property, TECHSOURCE for patents and INTREPID II for trade-marks will provide state-of-the-art search and information retrieval services.

Spirit of Aboriginal Enterprise (SAE)
 (<http://www.vli.ca/spirit>)

- Launched in August 1995, SAE now provides information to over 1000 visitors a day.
- Designed extensively by Aboriginal firms, the site has a distinctly Aboriginal look that draws Aboriginal interest.
- In 1996-97, SAE will:
 - provide an on-line directory of Aboriginal exporters
 - incorporate Aboriginal syllabic languages
 - provide youth entrepreneur access to on-line mentors
 - provide statistical data on the Aboriginal contribution to the Canadian economy
 - digitize a number of Aboriginal business resources, including The Spirit Lives CD-ROM.

- The department will continue to expand valuable new portable multimedia tools such as Canadian Environmental Solutions and create an Internet-based virtual office for services to environmental firms. As well, a Canadian industry link to the U.S. Navy's Best Manufacturing Practices Program will be established through development of an Industry Canada electronic "node."
- The Competition Bureau will enhance its automated litigation support system.

More information on Industry Canada's initiatives in information technology use is contained in Annex D.

... expand partnerships with the private sector and other governments ...

Industry Canada can improve service delivery at less cost by developing and broadening partnerships. The department intends to implement a variety of partnership arrangements with private sector firms, industry and professional associations, consumer groups and other levels of government. For example, plans are to:

- aggressively pursue distribution partnerships for *Strategis* with organizations such as Infomart/Dialogue, Micromedia and Stentor
- begin negotiations with potential private sector partners to commercialize bankruptcy registration, revenue collection and information services
- incubate new enterprises through the Communications Research Centre and develop partnerships with external organizations to enhance knowledge and technology transfer from the CRC
- increase use of private industry to deliver marketplace services such as selling radio licences or conducting inspections under the Legal Metrology Branch's Accreditation Program
- develop Regional Trade Networks with governments and industry to integrate trade services and increase the export capability of SMEs in all regions of Canada

SchoolNet Digital Collections: Providing youth with multimedia experience

- Industry Canada's SchoolNet Digital Collections contracts with archives, libraries, museums, firms and other private and public organizations that hire teams of young people in rural, remote and disadvantaged communities to digitize their collections.
- Funded by the Youth Initiative, the program gives young Canadians an opportunity to acquire experience in the fast-growing multimedia industry by digitizing heritage and scientific material for mounting on SchoolNet.
- Some 30 projects have demonstrated that these contracts provide marketable technical and business management skills, promote local business development, and produce valuable Canadian content for the Information Highway.
- Innovative partnerships with federal and other heritage institutions ensure that participating Canadians gain wages and skills for their education and careers.

- make improvements to the services and operation of Canada Business Service Centres in partnership with other federal departments and partners
- negotiate an agreement with the Prairie Agricultural Machinery Institute to install and jointly operate a testing facility that will be used by manufacturers for product research and development and by Legal Metrology Branch for prototype device evaluation and approval
- pursue international partnerships to assist in the enforcement of competition legislation, including ensuring capability to deal with transborder offences and addressing cross-border telemarketing issues with Canadian and U.S. agencies.

... increase delivery flexibility through new organizational forms ...

Industry Canada is also moving toward new organizational forms such as Special Operating Agencies (SOAs), which permit greater focus on meeting client needs. The Canadian Intellectual Property Office, the Canadian Tourism Commission and the Communications Research Centre are examples of innovative organizational forms within Industry Canada.

- Three marketplace organizations will pursue SOA or equivalent status beginning in 1996-97: Bankruptcy, Legal Metrology and Corporations branches.
- Technology Partnerships Canada also will seek SOA status.
- Canadian Intellectual Property Office will explore enhanced agency status.

... measure performance so that we can improve it ...

Industry Canada is developing and implementing performance measures, benchmarks and targets in marketplace service organizations to meet client demand and increase efficiency. Pilot projects are also under way in the micro-economic policy and industry sector development lines of business to develop results-based performance indicators.

**Canadian Intellectual Property Office:
Toward a new service delivery model**

Established as a Special Operating Agency in 1992, CIPO delivers intellectual property services paid for by client fees.

Since then, CIPO has:

- implemented client service programs to reduce the turnaround times and improve quality; and will benchmark performance measures in future
- introduced leading-edge technology that will allow electronic information dissemination in future
- gained guidance from its Management Advisory Board on running like a business
- implemented its revolving fund on track to meet its five-year financial break-even commitment
- improved employee morale where staff see themselves as part of a team to deliver top-quality service and maintain public confidence in the intellectual property system.

Over the next three years, the department will place significant effort on development of an accountability framework. This framework will help the department improve overall performance and keep pace with a rapidly changing environment, tight resources and rising expectations. Details on the approach are contained below in the section on Strengthening Accountability in Industry Canada.

... focus on the skills of our people — our most important asset ...

Through 1995-96, the department achieved large staff reductions and expects to meet the downsizing targets set out in Program Review I. Through a variety of innovative work arrangements, bridging programs and special incentive packages, the department was able to minimize the impact of job reduction on remaining employees and provide tangible help to those directly affected by job cuts. We will continue to do so.

Industry Canada is fortunate in that its 4500-plus personnel possess multidisciplinary knowledge and skills. These range from the most sophisticated business, scientific, technical, legal, financial, policy and management expertise to clerical and support staff with years of experience in dealing with the complex statutory requirements. The expertise and commitment of these people are central to the department's ability to realize its objectives. To derive full advantage from the skills and potential of staff, Industry Canada will make greater use of innovative management practices to promote sharing of knowledge and skills development and training.

The department will also do its utmost to create a work environment where people are treated with respect and fairness. Details of the department's human resources plan are outlined in Annex B.

Industry Sector Development: Empowering teams

As a result of the 1995 Budget, Industry Sector faced reductions of 40 percent in staff, 50 percent in management and virtual elimination of its sizable financial programming.

In response, Industry Sector refocused on four main activities — trade, investment, technology and human resources development — and introduced a flat, matrix-style management model with over 100 empowered teams.

Innovative approaches were taken to the transition:

- At the front end, management committed to client service, respect for others, balance in the workplace, striving for excellence, a commitment to employees and teamwork.
- A CCMD management coach provided advice to managers.
- A team-oriented training plan and a pro-active plan for communicating to clients was delivered.

Results to date: a cultural shift that welcomes innovation and change, and encourages more strategic thinking.

... and achieve more targeted financial management through new initiatives ...

Industry Canada will place more emphasis on funding through collection and reinvestment of revenues. For example, the department will:

- in accordance with the recent Treasury Board policy allowing departments to use refunds of repayable contributions to cover operating costs, apply some of its funds to the Technology Partnerships Canada program and the remainder to offset departmental operating costs
- benchmark best government practices and establish an effective collection process for repayable contributions
- take advantage of revenue reinvestment opportunities as part of a three-year pilot — Spectrum Management will reinvest incremental revenues in a range of measures to improve client service and generate further revenues (*see box*), subject to negotiation with Treasury Board Secretariat under the Revenue Investment Memorandum of Understanding signed in January 1996
- develop a product pricing and marketing strategy to ensure the sustainability of *Strategis*
- propose bankruptcy fee amendments to move toward full cost recovery
- investigate greater recovery of costs associated with provision of some services by Legal Metrology Branch and the Competition Bureau
- increase use of the vote-netting authority for Bankruptcy Branch, the Communications Research Centre, *Strategis* and Corporations Branch.

Spectrum Management: Reinvesting revenues

Spectrum Management expects to generate \$16 million in incremental revenues in 1996-97. It plans to invest \$12 million in improvements to the Spectrum Management program.

Incremental revenues will come from:

- continued enforcement of its radio licensing regime
- use of radio spectrum by newly introduced radio services.

Spectrum Management will reinvest its revenue in:

- compliance initiatives to combat illegal spectrum use (\$3 million)
- new services to open up access to new spectrum (\$3.6 million)
- client service satisfaction initiatives to meet service delivery standards and increased demand (\$5.4 million).

Details of these financial plans are outlined in Annex A.

Program Review Implementation (I and II)

Implementing Program Review I was a major challenge . . .

Key impacts include:

- savings of \$93 million in 1995-96, \$148 million in 1996-97, and \$212 million in 1997-98, through program reductions and efficiency improvements
- a decline of 1165 in the number of full-time equivalent positions in the department
- a reduction in direct business assistance, with the effects most pronounced in the area of grants and contributions: of 54 funded programs, nine are being terminated, 34 are not being renewed and only 11 programs are continuing
- a focus on the three core lines of business (Micro-economic Policy, Marketplace Rules and Services, and Industry Sector Development)
- streamlining of the organization, particularly in industry sector development, consumer affairs and corporate services
- a reduction and restructuring of Industry Sector branches and regional offices
- a reduction in subsidies by 65 percent from 1994-95 to 1997-98.

Our approach to Program Review II builds on our response to Program Review I . . .

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. Budgetary savings will be implemented throughout the department, so as to avoid any further structural changes and maintain the new core capabilities in the department's three major lines of business. The department will pursue opportunities that create the least disruption possible in the implementation of the Program Review II decisions. The focus will be on:

- innovative service delivery, including the establishment of Corporations, Legal Metrology and Bankruptcy branches as Special Operating Agencies within the department
- exploiting increased revenue sources through cost-recovery initiatives in such areas as corporations and bankruptcy as well as trade services and information products
- rationalizing operating expenditures across the department through productivity increases, expenditure reductions and the elimination or reduction of services.

Implementation of Program Review II could result in a further work force reduction of an estimated 145 full-time equivalent positions when implemented.

Strengthening Accountability in Industry Canada

Concrete measures of our performance will help us to improve our client service . . .

Industry Canada is taking steps to strengthen its management processes with more explicit statements of the results it expects to achieve, improved means to track progress toward the expected results, and better use of performance information to improve client service.

The department will achieve this by developing an accountability framework that will help it improve overall performance and keep pace with a rapidly changing environment, tight resources and rising expectations. The accountability framework will serve a number of departmental stakeholders including clients, the public, business partners, the minister, Parliament, central agencies and Industry Canada employees at all levels.

The department needs coherence and flexibility to meet clients' expectations . . .

Accountability implies giving people freedom to act and to accept responsibility for producing results, in an environment devoted to continuous improvement in client service. The department's accountability framework will establish a structured set of principles, relationships and processes through which departmental managers will be able to report on progress relative to their plans.

Decentralized accountability allows the capacity to integrate information from across the department, and take advantage of the diverse nature of Industry Canada and the continually evolving policies and programs. To provide maximum flexibility, as well as to respond to government-wide requirements, the Industry Canada accountability framework will consist of a series of corporate and local processes bound together by a common set of principles.

We have started to build on the solid foundations already in place . . .

A number of operational groups within the department have begun to establish accountability processes. These will contribute significantly to building the department-wide Industry Canada accountability framework. For example:

- As part of the new S&T policy, Industry Canada will work with other departments to develop S&T performance indicators, develop an evaluation framework and maintain mechanisms for obtaining external advice and review.
- In conjunction with others, Spectrum's Communications Development and Planning Branch and the International Trade Centre in Vancouver are developing a project intended to measure current performance, establish new performance goals, and improve programs, products and services.
- Through pilot projects for five initiatives, the Industry and Science Policy Sector plans to experiment with a model and process for the development of performance measures.

- The Consumer Products Directorate is implementing a national performance measurement system for the Consumer Products Program, based on the approach developed in the Ontario region over the past 12 to 15 months.
- The Corporations Directorate has developed a process of reporting progress against set targets, and is in the process of refining its service standards and performance indicators.
- The Canadian Tourism Commission has developed objectives, targets and performance indicators for all of its activities.
- The Canadian Intellectual Property Office (CIPO) reports quarterly on specific deliverables and milestones, as well as on agreed performance measures for each product line.

Annexes

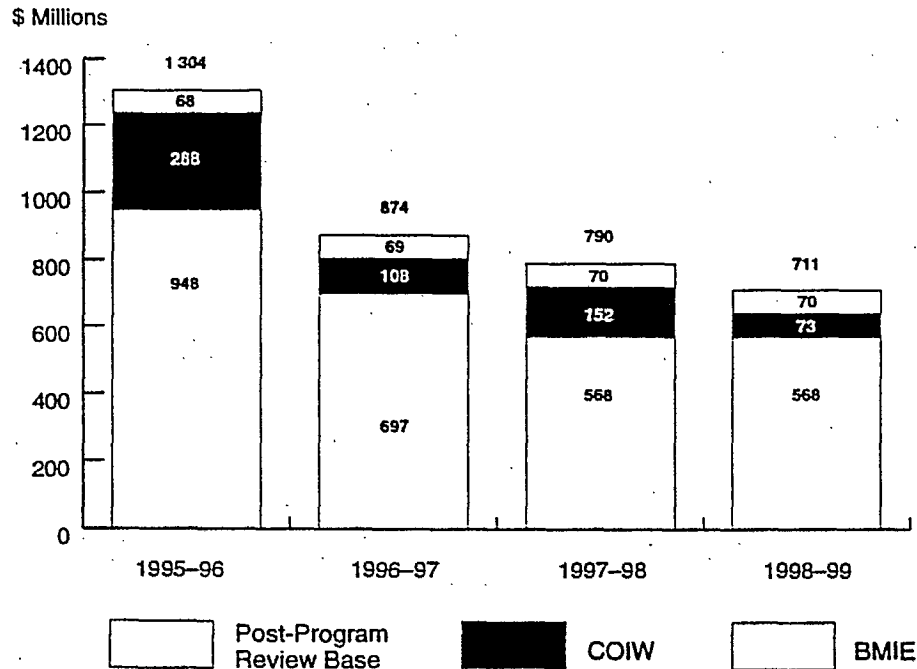
- A Finance and Revenue Plan**
- B Human Resources Plan**
- C Communications Plan**
- D Information Management Plan**
- E Audit and Evaluation Plan**

Annex A: Finance and Revenue Plan

Program Review I reduced our resource levels significantly . . .

Industry Canada's resource levels following the Treasury Board's review of the 1995-96 Business Plan are shown in Figure A-1. Featured are the declining base budget plus the Canada-Ontario Infrastructure Works (COIW) program and new initiatives under the *Building a More Innovative Economy* (BMIE) umbrella (such as SchoolNet, tourism promotion and CANARIE). Industry Canada's diminishing base reflects the reduction in business subsidies, the sunsetting of grants and contributions programs and related operating funds, as well as reductions to the operating budget resulting from Program Review I. Total reductions from Program Review I meant that Industry Canada's base budget was reduced in total by \$93 million in 1995-96, \$148 million in 1996-97 and \$212 million in 1997-98 (which was offset by a credit of \$25 million in each year against the *Small Business Loans Act*).

**Figure A-1
1995-96 Business Plan Outcome***



* These resource levels differ from those shown in last year's Business Plan proposal as a result of adjustments related to the 1995-96 business plan decision for initiatives such as BMIE (CBSCs, SchoolNet), Community Futures/FedNor, COIW and Work Force Adjustment.

Four significant financial issues were left unresolved following the Treasury Board's review of the 1995-96 Departmental Business Plan. These issues, which included departure costs, Canada-Ontario Infrastructure Works, FedNor and our request for conversion of grants and contributions to operating funds with related funding for technology development, have now been completely resolved.

Our departure costs associated with downsizing were significant . . .

In the 1995-96 Departmental Business Plan, Industry Canada's departure costs requirements were estimated at \$73.0 million in 1995-96, \$0.3 million in 1996-97 and \$0.2 million in 1997-98. The downsizing plan presented in last year's Business Plan envisioned 87 percent of the 1165 affected employees taking retirement packages in 1995-96. Of this request, the Treasury Board approved total funding of \$34.7 million in 1995-96 only. The Treasury Board decision also specified that these funds were to be used solely to pay costs relating to Early Departure Incentive (EDI) packages and not for Early Retirement Incentives (ERI).

We reallocated and reprofiled funds to meet unsourced departure costs . . .

Following the submission of the Business Plan, a review of sector human resources plans indicated that it would be appropriate for the department to defer about 250 of the proposed reduction of 1011 full-time equivalent positions in 1995-96 to future years, while more than 50 were handled through alternate mechanisms. Moreover, measures were implemented to substantially reduce the total departure cost forecast to \$43.7 million. At the same time, more affected employees than previously estimated indicated that they would opt for the ERI rather than the EDI packages. Subsequently, in the course of the annual reference level update, the Treasury Board Secretariat agreed that the \$34.7 million could be used for both ERIs and EDIs and approved reprofiling of \$16.7 million of the \$34.7 million to future years. The department reallocated \$9 million of 1995-96 A-Base funds to cover departure costs. As a result, the total departmental departure costs requirement was funded as shown in panel c of Table A-1.

Table A-1
Departure Costs
(\$000)

	1995-96	1996-97	1997-98	Total
a 1995-96 Business Plan request	73 083	270	200	73 553
b 1995-96 Business Plan result	34 700	0	0	34 700
c 1996-97 annual reference update level	18 000	9 000	7 700	34 700
Additional costs absorbed by the department	9 000	0	0	9 000
Total: Revised departure costs	27 000	9 000	7 700	43 700

Funding for the Canada-Ontario Infrastructure Works program . . .

The 1995 federal Budget extended the COIW from a three-year program to a five-year program. This decision brought with it an adjustment to the COIW program whereby \$225 million was reprofiled from 1995-96 to 1997-98 (\$152 million) and 1998-99 (\$73 million). This decision to extend the program over a five-year period did not reflect the actual spending profile of commitments already made under the program. In order to correct this situation, Industry Canada sought, and the Treasury Board subsequently agreed, to reprofile funds from 1997-98 and 1998-99 back to 1995-96 and 1996-97.

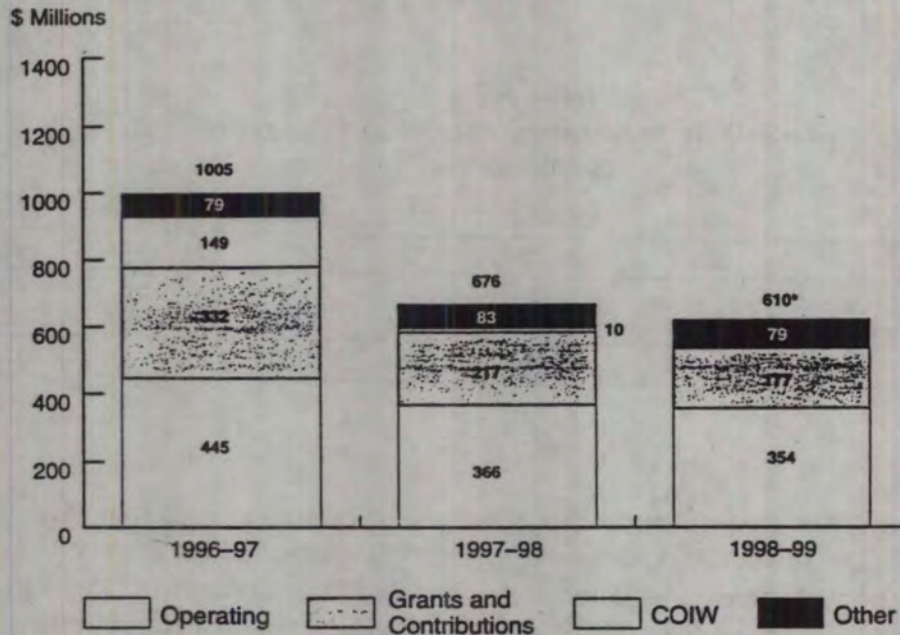
Table A-2
Canada-Ontario Infrastructure Works Program
(\$ Millions)

	1994-95	1995-96	1996-97	1997-98	1998-99	Total
Original approval	252.8	361.2	108.4			722.4
Revised after 1995 federal Budget	100.8	288.2	108.4	152.0	73.0	722.4
Current Budget	167.4	365.5	179.4	10.1		722.4

However, as certain COIW projects are now apparently being delayed as a result of Ontario budget cuts and the Ontario public service strike, there was a subsequent requirement approved after the annual reference level update to reprofile \$30 million from 1995-96 to 1996-97. The annual funding profile now seems to match project requirements, but there is much uncertainty due to delays in project information from the Province of Ontario and municipalities.

Following the annual reference level update, particularly the COIW reprofiling, the approved departmental resource levels were as shown in Figure A-2.

Figure A-2
1996-97 Approved Resources
Annual Reference Level Update^a



Note: Other includes Statutory Items and CIPO. 1996-97 Grants and Contributions include Bombardier/de Havilland and CPF/TRUMP.

^a Resources differ from the 1995-96 Business Plan Outcome as a result of the reprofiling of COIW in the 1996-97 annual reference level update.

^b Program Review II reductions are not reflected in 1998-99 figures because official announcement was made in the March 6, 1996 federal Budget.

Funding for the Federal Economic Development Initiative in Northern Ontario (FedNor) . . .

Subsequent to 1995-96 Main Estimates, the 1995 federal Budget approved new funding of \$20 million for FedNor for each of the three years from 1995-96 to 1997-98. The funding was approved in principle in the 1995-96 Business Plan, but was not made available for expenditure until Industry Canada presented, and Treasury Board approved, revised terms and conditions for the FedNor program, setting out the new program approach. Terms and conditions were approved by the Treasury Board on February 22, 1996, with an agreed funding profile of \$20.2 million in 1996-97, \$22.3 million in 1997-98 and \$16.7 million in 1998-99.

Funding for the Community Access Program and Youth Agenda . . .

In the March 1996 federal Budget, the government announced funding for the Youth Initiative and incremental funding for the existing Community Access Program (CAP). Industry Canada's share of funding for the Youth Initiative will be \$23 million over three years beginning in 1996-97, and this will be targeted for the Student Connections Program, SchoolNet Digital Collection and a new youth component for CAP. In addition, the existing CAP will be supplemented with \$3.5 million for each of three years beginning 1996-97 for a total of \$10.5 million, to be funded from internal reallocations from within the Portfolio. Total funding for these initiatives is therefore \$30.5 million.

We've developed a process for the management of repayable contributions . . .

In April 1995, a new policy on the retention of the refunds of repayable contributions was approved by Treasury Board. Further, the department received approval to amend its reference levels to include the forecasted amount of refunds of repayable contributions. In March 1996, Treasury Board approved Industry Canada's request to use refunds of repayable contributions to cover operating costs up to a maximum of \$58 million annually in order to implement the 1995-96 Departmental Business Plan.

Technology Partnerships Canada approved . . .

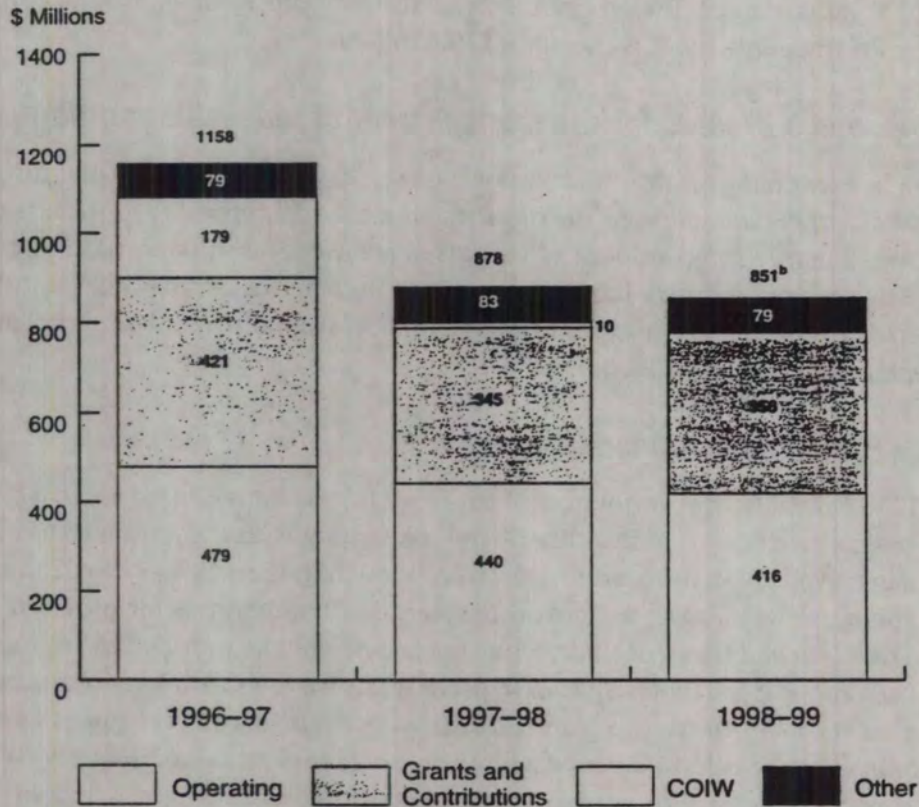
The March 1996 federal Budget announced Technology Partnerships Canada as a new program operating on the basis of investment and risk sharing with the private sector. The proposed resourcing level allows the fund to grow from \$150 million in 1996-97 to \$250 million in 1998-99 and future years. Over the next three years, \$270 million is being provided from the government's *Jobs and Growth Agenda*, while the balance will be provided by reallocated Industry Canada funds (see Table A-3). **Consequently, Industry Canada no longer needs the request in its 1995-96 Departmental Business Plan to convert grants and contributions resources into operating funds, as Treasury Board has given approval to recycle payments on previous contributions into operating budgets.**

**Table A-3
Funding for Technology Partnerships Canada
(\$ Millions)**

	1996-97	1997-98	1998-99
Jobs and growth strategy	40	90	140
Industry Canada	110	110	110
Total program	150	200	250

With the addition of the funding for Technology Partnerships Canada, FedNor and targeted Youth Initiatives, the total resources approved for Industry Canada and incorporated in this Business Plan are as shown in Figure A-3.

Figure A-3
1996-97 Financial Resources, by Type of Expenditure^a



Note: Other includes statutory items and CIPO. 1996-97 Grants and Contributions include Bombardier/de Havilland and CPF/TRUMP.

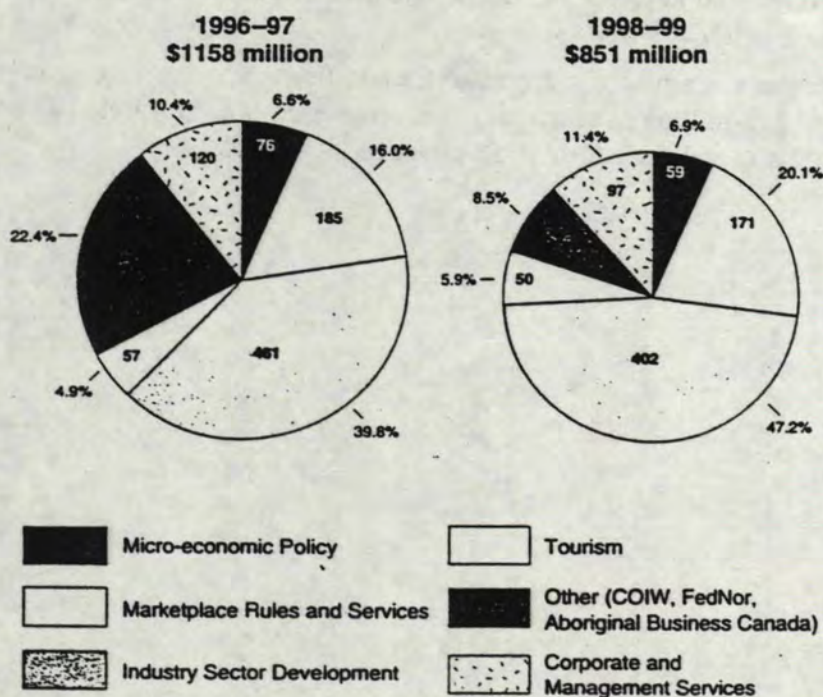
^a Includes March 6, 1996 Budget resources, based on best estimates subject to confirmation at a later date. The budgets shown are the same as those in the department's recently released 1996-97 Outlook document, except that the Canada Ontario Infrastructure Works Program is not included in the Outlook document.

^b Program Review II reductions total \$23 million. The 1998-99 figure shows a reduction of \$13 million. The department will be requesting the balance of \$10 million to be released back upon demonstration that revenue retention and SOA/innovative partnerships have been implemented to contribute to the savings.

With the re-engineering of Industry Canada comes a major reallocation of remaining resources . . .

Industry Canada over the past two years has been refocused to address the industrial development needs of Canada as it enters the next century. As Figure A-4 displays, Industry Canada's total budget allocation will decline from \$1158 million in 1996-97 to \$851 million in 1998-99; significant shifts are also reflected within the lines of business. The Industry Sector Development business line will be decreasing by \$59 million from 1996-97 to 1998-99, as it moves from providing primarily business subsidies to providing information products and the management of investments under the new \$250 million Technology Partnerships Canada program part of the government's *Jobs and Growth Agenda*. While the Marketplace Rules and Services business line will decrease by \$14 million from 1996-97 to 1998-99, its share of departmental resources will increase from 16 percent to 20 percent, largely reflecting the increase in the Small Business Loans component. The Micro-economic Policy business line, while decreasing in resources, will be responsible for providing new programs under the youth strategy as well as expanding its SchoolNet and Community Access programs. The most significant resource decrease is due to the winding down of the COIW program.

Figure A-4
1996-97 Financial Resources, by Line of Business*



* Includes March 6, 1996 Budget resources, based on best estimates subject to confirmation at a later date.

Industry Canada is working with the Treasury Board Secretariat to pursue innovative ways of generating and reinvesting revenues . . .

In addition to the shift in resources among the departmental lines of business, Industry Canada is also experiencing a change in its financial base, moving away from almost total reliance on appropriation-based funding and placing more and more emphasis on funding through the collection of revenues. This is occurring with regard to collection of both repayable contributions and revenues associated with licensing and fees for services.

Industry Canada is implementing its Revenue Investment Plan . . .

In June 1995, the Treasury Board approved, as a three-year pilot, the Revenue Investment Plan proposed in Industry Canada's 1995-96 Departmental Business Plan. Essentially, the Revenue Investment Plan provides the department with flexibility to achieve results and incentives to improve efficiency and client service in revenue-producing areas. Clearly, however, clients believe that where costs are being recovered, they must be shown to be necessary, reflect efficient operations, and relate to explicit and transparent service standards.

Resources for revenue investment are available through the following authorities effective 1995-96 and subject to the Memorandum of Understanding dated January 29, 1996, signed by the Deputy Minister of Industry and the Secretary of the Treasury Board:

- Access to 75 percent incremental revenue: approval to spend 75 percent of incremental revenue, up to \$15 million, to be offset by \$20 million in incremental revenue deposited to the Consolidated Revenue Fund, above a base of \$143.8 million in 1995-96 and \$150.9 million in 1996-97 (see Table A-4).
- Increased vote-netting authority: approval for additional vote-netting authority up to a maximum of \$19 million for activities that recover costs in the areas of bankruptcy and corporations as well as information products.

Table A-4
Industry Canada Revenue Point of Departure*
(\$ Millions)

	Base for calculating incremental revenue (75% access)		Base for establishing vote-netted level business-line	
	1995-96	1996-97	1995-96	1996-97
Marketplace Rules and Service Program				
Bankruptcy	0.4	0.4	11.8	11.8
Corporations	5.3	5.3	6.9 ^b	6.9 ^b
Spectrum Management	129.5	137.7		
Legal Metrology	8.1	7.3		
Other	0.5	0.2		
Total	143.8	150.9	18.7	18.7

a The point of departure revenue levels are based on the 1994-95 User Fee Revenue Plan, adjusted as necessary. The User Fee Revenue Plan contains other revenue types determined to be inappropriate for the Revenue Investment Plan, such as SBLA and other loan guarantees. Accordingly, these have been excluded.

b The maximum authority of \$7.2 million (total of \$19 million) approved in the 1995-96 Departmental Business Plan is reduced to reflect \$300 000 in NUANS royalties, which are now captured through a separate organization. These revenues will be deposited to the Consolidated Revenue Fund and are accessed under the Treasury Board Policy on the Retention of Royalties and Fees from the licensing of Crown-owned intellectual property.

These revenue access authorities enabled Spectrum Management to invest \$3 million in 1995-96 in enforcement activities and new services. The result was improved compliance levels and generation of \$4 million, which represents an additional \$1 million for the government. Investment in new services also allowed the program to focus on future client needs. In 1995-96, the program's compliance activities resulted in a 9-percent increase in its new radio licence population, a higher success rate in its radio licence renewal program and improved accounting in spectrum usage by major spectrum users. These activities contributed incremental revenue of 9 percent or \$11.8 million. The program may propose the option of crediting this additional revenue in its 1996-97 revenue stream.

The current fiscal year will be one of transition for Legal Metrology, Bankruptcy and Corporations branches as they move toward Special Operating Agency status. Bankruptcy and Corporations branches will seek revolving fund financing mechanisms. Legal Metrology Branch is restructuring service delivery through accreditation, thus contributing to the government's *Jobs and Growth Agenda*. The Revenue Investment Plan has been a bridge to improved service delivery.

Specific revenue investment plan initiatives are planned for 1996-97...

The Spectrum Management activity expects to generate an additional \$16 million in incremental revenue through continued enforcement of its radio station licensing regime and the implementation of specific new services, i.e. Canadian Satellite services (e.g. MSAT), Local Multipoint Communications Systems (LMCS) and Direct Broadcast Satellite.

Spectrum Management plans to invest 75 percent of this incremental revenue (\$12 million) in client service improvements in three main areas subject to negotiation with Treasury Board Secretariat under the Revenue Investment Memorandum of Understanding signed in January 1996:

- compliance initiatives to combat illegal spectrum use and to maintain current revenue streams (\$3 million)
- new services initiatives to open up access to new areas of the radio spectrum (\$3.6 million)
- client service satisfaction initiatives to continue to meet service delivery standards and maximize efficiency in a growth environment (\$5.4 million).

A continued investment in compliance activities will increase program integrity by ensuring that compliance initiatives are sustained in previously targeted services and expanded to others. Investments will be similar to those undertaken in 1995-96.

The telecommunications sector is one of the growth engines of the Canadian economy. This sector must respond to escalating demands for new services from both Canadian industry and citizens. The Revenue Investment Plan provides Industry Canada the flexibility to respond to these demands and better focus client services. Spectrum Management will foster the government's prime objective of jobs and growth by ensuring that sufficient and suitable spectrum is available to satisfy the current and future development requirements of telecommunications service providers to meet their client needs. Investments to allow for the effective development and use of spectrum include the development of a bid tracking system, continued studies on the radio environment and spectrum use profiles, support for wireless/wireline standards, development of a new radio licence fee regime and the implementation of new broadcast technologies and services.

Client service satisfaction initiatives will improve client access to program information, resources and services, and will help realize continued efficiency in program delivery. Investments will be made in activities such as improved communication links to the program's field offices, alternative delivery of the amateur licences and certificates, and improvement and integration of operational and management information systems.

And looking ahead . . .

Bankruptcy Branch, which expects further growth in revenue, will replace its existing operating budget of \$11.8 million to deliver supervision of the private sector's administration of bankruptcies using the vote-netting authority. Bankruptcy Branch plans to access up to 125 percent of its vote-netting authority to respond to a 20-percent increase in volume.

The Communications Research Centre (CRC), will continue to vote-net within its current level (\$8.2 million) financial contributions from outside government, estimated at \$1.5 million in both 1996-97 and 1997-98.

With respect to information products, the Chief Information Officer will determine whether there is scope to use vote-netting authority after completion of the pricing strategy.

Corporations Branch is reviewing the use of vote-netting authority in the course of its consideration for Special Operating Status, for which a Treasury Board submission is expected in the fall of 1996.

Annex B: Human Resources Plan

Industry Canada has three key objectives for staff management:

- managing employment adjustment
- renewing and revitalizing our work force
- creating a stimulating and positive work environment.

Managing the Program Review I employment adjustments has been a challenge . . .

Our work force has declined and will continue to decline significantly.

Year	Full-time equivalent positions ^a
1994-95	5711 ^b
1995-96	4957
1996-97	4730 ^c
1997-98	4564
1998-99	4401

^a Excluding summer and co-op students, and excluding the transfer to Industry Canada of the Community Futures Program.

^b The 1995-96 Departmental Business Plan reflected a forecast population for 1994-95 of 5652. Detailed sector plans that followed resulted in a correction of 28 to the initial population, bringing it to 5680. There was a subsequent decision to convert sufficient operations and maintenance (O & M) funding to salary to account for an additional 31 full-time equivalent (FTE) positions (27 for Industry Sector and four for Legal Metrology Branch) bringing the 1994-95 FTE base to 5711.

^c Numbers may be adjusted if the department receives incremental resources for new programs such as Technology Partnerships Canada and Youth Initiatives. We will attempt to accommodate staff who would otherwise have been surplus in the new program areas.

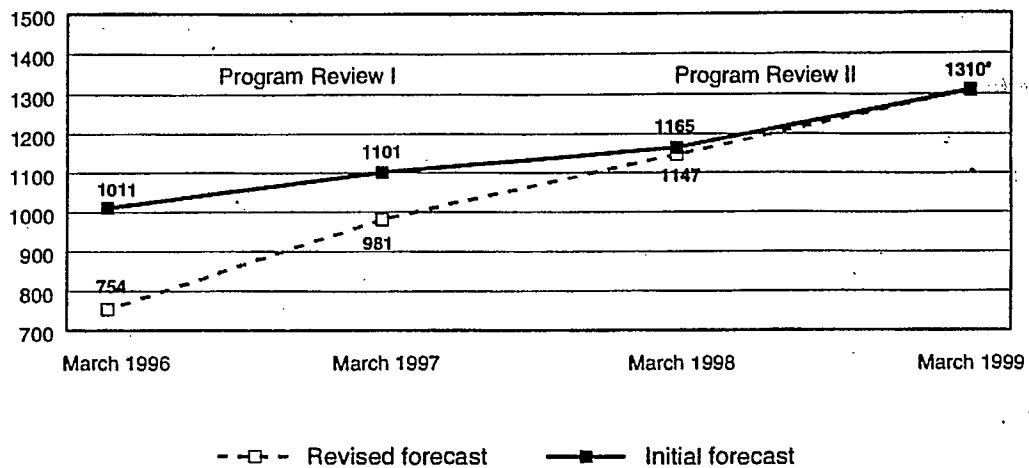
The employee adjustments of Program Review I are on track . . .

The initial reductions forecast in last year's Business Plan were to be 1011 full-time equivalent positions in 1995-96, 90 in 1996-97 and 64 in 1997-98, for a total of 1165 over the three years of Program Review I. This forecast was revised, based on more detailed sector plans, and some of the first year's reductions were carried into the second and third years. In 1995-96, Industry Canada managed the departure incentives such that about 300 employees left with an ERI and 235 with an EDI. We are on track for achieving our target reduction of 1165 full-time equivalent positions.

Program Review II changes are manageable . . .

The department will consider addressing the estimated 1998–99 Program Review II reductions of 145 full-time equivalent positions as shown in Figure B-1, in the Program Review I time horizon such that our 1310 reductions would largely occur by the end of 1997–98.

Figure B-1
Forecast of Net Reductions in Full-time Equivalent Positions^a



^a Industry Canada revised the original forecast to account for operational constraints and the requirement to continue phased-out programs until 1998.

We're using innovative ways to help employees in transition . . .

The department achieved large staff reductions in 1995–96 with no involuntary departures. The special incentive packages were instrumental in achieving our downsizing targets: about 300 employees were given an ERI and 235 an EDI. Over the next three years, the use of contract and term employees will continue to be managed closely.

The process of substitutes and volunteers was very useful last year, enabling Human Resources Branch to effect 74 substitutions (30 within the department itself). The branch will continue to maintain the department's support for this process to minimize the impact of job reduction on employees.

Staff who must leave the department will continue to have access to a full spectrum of support and services such as financial counselling, workshops on change, advice on preparing for job interviews and writing resumes, and courses on setting up a small business.

Transition for staff is further facilitated through noon-hour entrepreneurship seminars. Last year some 900 participants attended 57 sessions on the theme of *Owning My Own Business*. Based upon the success of these sessions, six new seminars on the theme of *Home-based Business Initiatives* were created this year.

RENEWING AND REVITALIZING OUR WORK FORCE

Through innovative human resources approaches . . .

An innovative bridging program, enabling support staff to access LAN administration positions, helped minimize the impact of job reduction. The six persons selected in 1995 (of whom four were women) will complete their training and will be appointed to CS positions in 1996. In addition, eight more candidates will be selected for the CS stream and will begin their training in September 1996. The branch will also study the possibility of another program that could enable access to SI positions for current support staff.

Hiring of new university graduates and youth is important . . .

Targeted university recruiting plans for next year will focus on engineers, economists and commerce officers. All these personnel will benefit from professional support, including a departmental orientation, mentorship, and career counselling to help them obtain assignments consistent with their development needs.

Industry Canada makes good use of student summer employment and co-op education programs. We will be recruiting in excess of 300 summer and 100 co-op students in 1996-97. The department benefits significantly from these enthusiastic workers, many of whom are at the leading edge of information technology while also offering professional experience that should facilitate their entry into the labour market.

Advancement of women . . .

It is expected that one half of our university recruits will be women. In addition, although the number of EX positions has dropped considerably and will continue to do so, the department is giving a priority to increasing the representation of female executives in Industry Canada.

The goal is to increase the number of women executives, given that female representation in the EX group stood at only 14 percent in 1995. To this end, candidate searches will be improved, and all EX staffing actions must include female candidates. Moreover, each selection committee for an EX position must include at least one woman. Senior management is examining the reasons for the departure of women EXs and will continue to address issues that could make the department more attractive to women executives.

Emphasis on teamwork, technology and training for the new department . . .

Innovative management practices are being used now and even greater use is being encouraged in the department. Last year, Industry Sector faced the dual challenge of a reduction of 40 percent in its full-time equivalent resources together with a fundamental realignment of its functions. The sector responded with a flat management structure and team approach to the work. This was supported through intense and systematic team training, all over a course of a 12-month period. Training and development of staff is therefore an important theme in our human resources planning.

To support the innovative management practices in the department, continuing special emphasis will be put on core skill sets that support the values and operations of the organization, such as the development of team skills, client service skills, communications skills and people management skills. By the end of 1995-96, more than half (134 people) of the EX group participated in the People-Oriented Management Program, sponsored by the Canadian Centre for Management Development (CCMD). In 1996-97, this program will be extended to other staff. The purpose of this training is to give managers an opportunity to build relationships with peers and to develop a common set of principles and skills for the management of employees.

Coincident with the need to revitalize the work force, Industry Canada's training programs have been aligned with the departmental lines of business — Micro-economic Policy, Marketplace Rules and Services, and Industry Sector Development. In 1996-97, the training and development efforts will focus upon refining mandate-related programs that will increase the skill level and effectiveness of employees to carry out the work associated with the business lines.

A learning culture is critical to our future success. Sectors are leading the way through their detailed plans. The Bureau of Consumer Affairs, for example, is committed to providing 10 days of training per employee in the coming year. Cultural change is being affected as well through attendance by senior management at courses such as Gender Differences in Leadership.

To support the new information products of the department, a series of training courses on different technology packages will be provided to build employee awareness and capability in the use of Internet, *Strategis* and Lotus Notes.

The department's vitality depends on the extent to which employees feel valued and how they participate in departmental life . . .

In 1995-96, in the context of Program Review I, an Employee Advisory Board (EAB) was set up including union representation. It has been redesigned to reflect our revitalization thrust and, in 1996-97, will concentrate on two issues: employee recognition and revitalization of the work force. The EAB is a sounding board to the Deputy Minister on issues of internal communications with employees, within the framework of the Industry Canada Communications Strategy.

Cooperation with unions . . .

The unions in Industry Canada have publicly cited the positive cooperation that characterized relations with management over the first year of Program Review. Management likewise appreciated the active cooperation of the unions throughout the year, for example, in the preparation of procedures for reverse order of merit situations. The department will continue regular meetings with the unions, both at the local and departmental levels, to systematically consult on issues of mutual interest. The spirit of cooperation will be reinforced not only through their participation in the Employee Advisory Board but also through their participation at the annual EX conference and at EX training courses.

Feedback . . .

By participating in the upward feedback exercise in 1996-97, employees will have an opportunity to improve the work environment in both their immediate surroundings and throughout the department. Each participating manager will prepare an action plan in cooperation with employees.

The effective management of people is a top priority for Industry Canada and one where departmental management believes more progress is possible and needed.

Career planning . . .

The recently created Employee Resource Centre is a service that encourages employees to think about their career aspirations, explore the possibilities available to them, evaluate their skills and abilities, and benefit from professional counselling to guide them in their careers. In 1996-97, the centre will expend considerable efforts in making its services available to employees at every level of the organization and in setting up various career activities for the largest possible number of employees.

Annex C:

Communications Plan

Growing media attention and client recognition . . .

Three parallel but integrated strategies provided a framework for much of the department's communications activity in 1995-96. They were developed to improve awareness and understanding of Industry Canada's mandate, activities and new services. The first strategy targets other federal departments and agencies and Parliamentarians, the second Industry Canada employees, and the third the department's external clients. The full impact of these strategies will be felt in 1996-97 as the department moves to implement them in detail.

Communications programs were built around newsworthy aspects of BMIE implementation, SME support, new trade initiatives, the Information Highway, telecommunications policy, SchoolNet and marketplace issues. More recently, initiatives such as the S&T strategy and *Strategis* attracted significant media attention as well as favourable support, and some glowing tributes, from clients.

These communications successes were backed by an intensive program of consultation and partnering with targeted clients to determine their needs and expectations and to develop client-oriented responses and innovative delivery mechanisms.

Emphasis on new functions, innovative tools . . .

In support of these activities, Communications Branch introduced new functions and approaches to improve the efficiency and cost-effectiveness of the department's communications. New planning tools were established to improve the scheduling of ministerial events and the preparation and processing of speeches. Links were established with opinion leaders, media relations activities were increased and a more targeted approach to media was adopted, both at the national and regional levels.

New approaches to internal communications were applied. An electronic media monitoring system was introduced, giving the department more timely access to a broader range of information sources and promising cost savings in the long term. A number of regular information products were launched to tell employees about the department, to provide employees with daily news headlines and weekly media summaries, to assist departmental spokespersons and to keep media informed of new developments in Industry Canada.

New technologies played a much larger role in communicating information. These included electronic publishing, multimedia presentations for the minister, satellite hook-ups for ministerial announcements and the electronic distribution of press and other materials.

External and internal challenges . . .

The principal challenge for departmental communications in 1996-97 is to demonstrate Industry Canada's contribution to the *Jobs and Growth Agenda*, by showing how the department is responding, on behalf of its clients, to the demands of globalization and the knowledge-based economy.

A complementary challenge will be to implement in full the communications strategies aimed at Industry Canada employees and clients. The objective is to improve employees' understanding of the department and their place in it, and to enhance their ability to communicate with the department's clients. Clients, too, must be provided with clear information about Industry Canada's role and responsibilities. They must also be satisfied that the department's initiatives and new ways of working reflect their own advice and meet their needs.

A focussed and integrated approach . . .

Corporate communications will concentrate on supporting the department's priorities. Communications approaches will underline the synergistic links between different sectors of the department, and between the department and other members of the Industry Portfolio. Messaging will highlight Industry Canada's critical role in contributing to jobs and economic growth.

Relationships with key clients will be strengthened through consultations. Media relations will be further enhanced through the development of contacts with key journalists, more precise targeting of national and regional media, and continual training and briefing of departmental spokespersons.

The use of new technologies will be broadened to deliver messages and information more quickly and appealingly to media and other audiences within and outside the department.

There will be new initiatives to improve the coordination of communications activities across the department, within the Industry Portfolio, and with other federal departments and agencies.

The department will continue to use the private sector to provide communications services and products where most effective.

Annex D: Information Management Plan

OBJECTIVES

The department has three major thrusts in the information management and technology domain:

- develop world-class information products for business clients
- build the information technologies infrastructure to enable the development, delivery and distribute those world-class products
- optimize process efficiencies throughout the department.

Strategic information is a key asset used by businesses to improve their competitive position in today's global economy . . .

To assist Canadian businesses, Industry Canada is developing new information products, enhancing existing ones, and releasing them as part of an exciting state-of-the-art electronic information service, *Strategis*. Businesses also need single-window access to government services. Industry Canada's participation as a managing partner in the Canada Business Service Centres (CBSCs) initiative responds to this need.

After beta testing of *Strategis* in February 1996, the March 27 release of *Strategis* established the department's image as an important information provider to businesses. CBSCs continue to receive extremely positive feedback from both clients and partners.

The two initiatives — *Strategis* and CBSCs — jointly aim at improving the competitiveness of Canadian businesses; they also foster jobs and growth by modifying entrepreneurial behaviour, to allow them to take advantage of business opportunities, which leads to higher value added, and by encouraging business use of the Internet, which reduces the cost of transacting.

The information production and delivery processes of Strategis rest on a strong technology infrastructure . . .

Industry Canada will become an extended enterprise, electronically linking an entire information production value chain — the department with the regional agencies in the Portfolio, their clients, the information sources and the distribution partners.

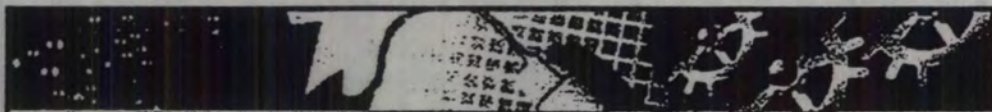
Industry Canada has established a formal committee structure designed to deal with information management and technology. The Information Management Committee is the forum for senior management to provide general direction on information management and technology activities.

This is supported by four other committees that deal with technology, systems, strategic information development, content quality, data acquisition, software and client liaison.

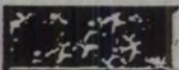
BUSINESS INFORMATION PRODUCTS: STRATEGIS

An innovative and revolutionary way to service delivery . . .

The year 1996-97 is critical for *Strategis*. The Chief Information Officer and executive directors of the regions are committed to promoting and supporting *Strategis* through training, testing, developing and implementing the agreed marketing strategy. Also they will be upgrading and expanding the information content of *Strategis* in response to feedback from the clients and from the managers who provide marketplace services.



Markets, Trade and Investment



Industrial Perspectives



Technology and Innovation



Micro-economic Research and Analysis



Managing Your Business



Marketplace Services

The base of available products and services in *Strategis* will be expanded with products derived from the information generated through the department's marketplace services such as:

- **Bankruptcy Branch** — monthly bankruptcy statistics
- **Legal Metrology Branch** — notices of approval, accreditation standards and guidelines, legislation, policies and procedures
- **Corporations Branch** — on-line search service on federal corporations, *Canada Corporations Bulletin*, information kits, policies and guidelines (through *Strategis* or third-party information providers).

There will also be further extensions of the information content such as the inclusion of:

- **Business Integrated Database (BID)** — a wide variety of industrial and financial data according to Standard Industrial Classification.

Continuous improvements in our technology are essential . . .

The technology that runs *Strategis* will be improved continuously through projects such as:

- **High performance interface development server** provides a contingency in the event that *Strategis* realizes higher-than-expected request volumes. It allows Industry Canada to maintain and improve service levels; and permits the evaluation, research and development of improved interfaces to and for *Strategis*.
- **Advanced query and index functions** will make the information currently available on *Strategis* accessible to our clients in a truly usable manner and will also provide a window to the large amount of business information held in different sites on the Internet.
- **Electronic publishing application development** makes putting information on *Strategis* easier. Content providers can concentrate on the information requirements of the Canadian business public rather than on the complicated technology required to publish electronically.
- ***Strategis* client services/client asset management system (CAMS)** builds on the Lotus Notes application. Initial work has been done to handle the whole suite of *Strategis* and to support the *Strategis* Help Desk. The development to be done in 1996-97 will build in functionality and features to take further advantage of technology in handling and tracking client interaction.
- **On-line access to data from Statistics Canada** — Industry Canada requires access to timely and relevant statistical data to meet the needs of Canadian businesses. This will significantly improve, in terms of both efficiency and effectiveness, Industry Canada procurement, management and use of large and complex volumes of data from Statistics Canada. Instantaneous access to data as they are released will greatly enhance the opportunity to develop and maintain information products to support the decision-making needs of Canadian business.

- **Trade Data On-line** — The availability of trade statistics will be improved through on-line access on the Internet. Clients will be able to focus on using information, rather than searching for it. Trade Data On-line will replace the MIDAS system.
- **Canadian Company Capabilities (CCC)** will continue to be developed and implemented. Functionality will increase to meet client needs, self-registration will streamline the registration process, and linkages will be established with WINEXPORT and IBOC.
- **Common Information "Business Infostructure"** will eliminate duplication and/or potentially different versions of the same documents on *Strategis*.
- **Lotus Notes server implementation** — Consolidation of the current servers environment will allow reduction in server management cost, efficient replication capability, improvement in remote access capability, and better user response due to better performance.

Strategis is not our only innovative use of technology to better serve our clients and improve our internal processes . . .

The department's technology infrastructure will be further improved through the following projects:

- **Electronic Data Interchange/Electronic Commerce (EDI/EC)** will develop technological standards and implementation guidelines for coordinated departmental approach to EDI/EC. The benefits will be reduction in overall costs to the different departmental projects as they share solutions and technology and implementation of a revenue collection capability in *Strategis*.
- **Infrastructure Management Tools** will permit evaluation, testing and deployment of various solutions for the day-to-day management of the department's server and desktop infrastructure.
- **Technology infrastructure upgrade** — The existing technology infrastructure will be upgraded. These upgrades will enable a more efficient delivery of Industry Canada's information products, and access to external information sources as well as improved accessibility by employees to corporate resources from remote sites.
- **Links to external partners** — Access to the department's wide area network backbone and its facilities will be provided to the regional development agencies within the Portfolio.
- **Financial/materiel management system** — In 1995-96, Industry Canada participated with four other departments in a Treasury Board-sponsored project to select a new integrated financial/materiel management system. This new system is expected to be installed for the beginning of the 1998-99 fiscal year.
- **PeopleSoft HRIS** — This work is ongoing and will result in a computerized database that will greatly facilitate all aspects of human resources management in Industry Canada.

Annex E:

Audit and Evaluation Plan

The department is facing significant challenges and is refocussing its role, organization, activities and resources.

Key contributions toward . . .

Audit and evaluation activities will contribute to meeting these challenges by concentrating on efficiency and effectiveness, lessons learned, best practices, accountability structures and procedures, and performance measurement approaches that the department needs to meet its priority objectives and to demonstrate success.

Early involvement in new programming . . .

More specifically, audit and evaluation functions will identify data needs and performance measures at the early design phase of new programs. This will help senior managers in monitoring program and operational success and taking early action in redressing problems. Evaluation frameworks and/or evaluation studies are under way or are planned for the 1996-97 period for newly established programs such as the Canadian Community Investment Plan, Technology Partnerships Canada and CANARIE Phase II. As new programs such as the Student Connections Program and *Strategis* are implemented, frameworks and/or evaluation studies will be undertaken. Audit and evaluation activities for the planning period will cover assessing initiatives aimed at attaining overall departmental goals. Special attention will be given to major restructured organizations to ensure that good internal control practices are not lost or abandoned in the process of restructuring.

Measuring and demonstrating actual achievements . . .

AUDIT ACTIVITIES

During the planning period, audit activities are scheduled in the following key areas:

- improving departmental accountability structures and procedures (Accountability Framework)
- assessing whether departmental practices comply with central agency and departmental policy and regulatory requirements (Regulatory Policy and Processes)
- supporting new requirements of the *Auditor General Act*, in sustainable development activities and identifying issues related to their management
- conducting post-implementation informatics reviews and interdepartmental shared audits (PeopleSoft).

EVALUATION ACTIVITIES

Evaluation activities will concentrate on program areas such as:

- Technology Partnerships Canada fund and an evaluation study for the industrial and regional benefits program
- participation in the National Research Council-led design of an approach to evaluation and performance reporting for the *Industry Portfolio Action Plan* response to the federal S&T strategy, and for related Industry Canada initiatives
- evaluation studies giving particular emphasis to how well managers are implementing performance measurement for their programs, services and activities on an ongoing basis
- assistance to managers in developing performance measurement methodologies.

The audit and evaluation plan will be kept flexible to include new initiatives when introduced and will help the department in alternative delivery options, restructuring strategies and revenue generation plans and practices. Through evaluations, audits and reviews, the plan will help in resource management issues that affect the department's capacity to implement its strategies.