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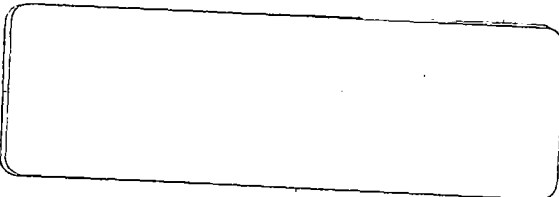
I N V E S T M E N T C A N A D A

**AN OVERVIEW OF THE AGENCY
AND MANDATE**



**INVESTMENT
CANADA**

**INVESTISSEMENT
CANADA**



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AND MANDATE**

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WELCOME TO INVESTMENT CANADA

This overview explains the mandate of Investment Canada and outlines the roles played by each Division within the Agency.

Investment is critical to Canada's future growth and development. Global economic trends indicate that investment has become as important as trade to a nation's prosperity. Canada is responding to these trends with highly visible and sharply focused efforts to attract and to facilitate quality investment.

Investment Canada serves as the focal point for the Government's investment initiatives. As members of the Investment Canada team, each of us makes a significant contribution towards fulfilling the Agency's mandate.

I hope that each of you enjoys a rewarding work environment here at Investment Canada.

Paul Labbé
President

BACKGROUND

In June 1985, Parliament passed the INVESTMENT CANADA ACT. In this Act, the government states its objectives regarding investment in Canada, and creates a specialized Agency, Investment Canada, to embody this objective. The creation of Investment Canada, which replaced the Foreign Investment Review Agency (FIRA), was designed to show the government's commitment to the development and maintenance of an internationally competitive industrial base in Canada through the promotion and facilitation of beneficial investment.

The Investment Canada Act reflects international economic changes where global competition for investment, be it capital, technology or managerial know-how, has greatly intensified. While the 1950's, 1960's and 1970's had seen great capital inflows to Canada, by the early 1980's Canada was no longer at the top of the list of preferred investment locations for international investors. Investment Canada was established to respond to this phenomenon. It is the centrepiece of the government's strategy to make Canada a more attractive and profitable place to invest, thereby enhancing the country's competitive position in the global economy.

At the same time, the Investment Canada Act ensures that certain sensitive Canadian industrial sectors, e.g., culture and some energy industries, are protected from takeover by non-Canadians, and that acquisitions of large Canadian businesses in other sectors can only proceed if they are found to be of net benefit to Canada.

THE AGENCY

INVESTMENT CANADA was created as an Agency reporting to the Minister responsible for the Investment Canada Act. The Act also establishes that the Agency will be headed by a President with the status of deputy head of a department. The employees of the Agency are appointed under the Public Service Employment Act.

The Agency is the prime focus for investment issues within the federal government. Nonetheless, other federal departments, e.g., the Departments of Regional Industrial Expansion, External Affairs, Finance, and the Canadian Employment and Immigration Commission, also have significant roles to play in the field of investment. Accordingly, Investment Canada works closely with these departments in the development and implementation of strategies and programs designed to attract beneficial investment.

The international investment development program is augmented by the appointment of specialized Investment Counsellors in key Canadian posts abroad.

The President of Investment Canada chairs an Interdepartmental Steering Committee on Investment, whose tasks include defining priorities for investment development and establishing appropriate programs to achieve these desired results.

The Legislative Mandate

The Investment Canada Act sets out two broad purposes in Section 2:

- to encourage investment in Canada by Canadians and non-Canadians that contributes to economic growth and employment opportunities; and
- to provide for the review of significant investments in Canada by non-Canadians in order to ensure such benefit to Canada.

In Section 5 of the Act, the Minister is given six specific duties and powers:

- a) to encourage business investment;
- b) to assist Canadian businesses to exploit opportunities for investment and technological advancement;
- c) to carry out research relating to domestic and international investment;
- d) to provide investment services to facilitate economic growth in Canada;
- e) to assist in the development of industrial and economic policies that affect investment in Canada; and
- f) to ensure that the notification and review of investments are carried out in accordance with the Act.

Finally, the Act provides the authority to the Minister:

- to make use (where appropriate) of the services and facilities of other government departments, etc.;
- to consult with, and organize conferences of representatives of industry, labour, provincial and local authorities, etc.; and
- with the approval of the Governor in Council, to enter into an agreement with any province for the purposes of the Act.

Objective and Activities

Investment Canada seeks to stimulate investment in Canada, as a means of enhancing the competitive position of Canada's industrial base. It also evaluates significant investments in Canada by non-Canadians. This dual role, prescribed by the legislative mandate, is best expressed by the following prime objective and by the four principal activities which are carried out in pursuit of that objective.

The Prime Objective –

"Increased investment of benefit to Canada"

All the work of Investment Canada contributes to increasing investment or ensuring that specific investments are beneficial.

The Principal Activities –

"To market Canada as a place in which to invest."

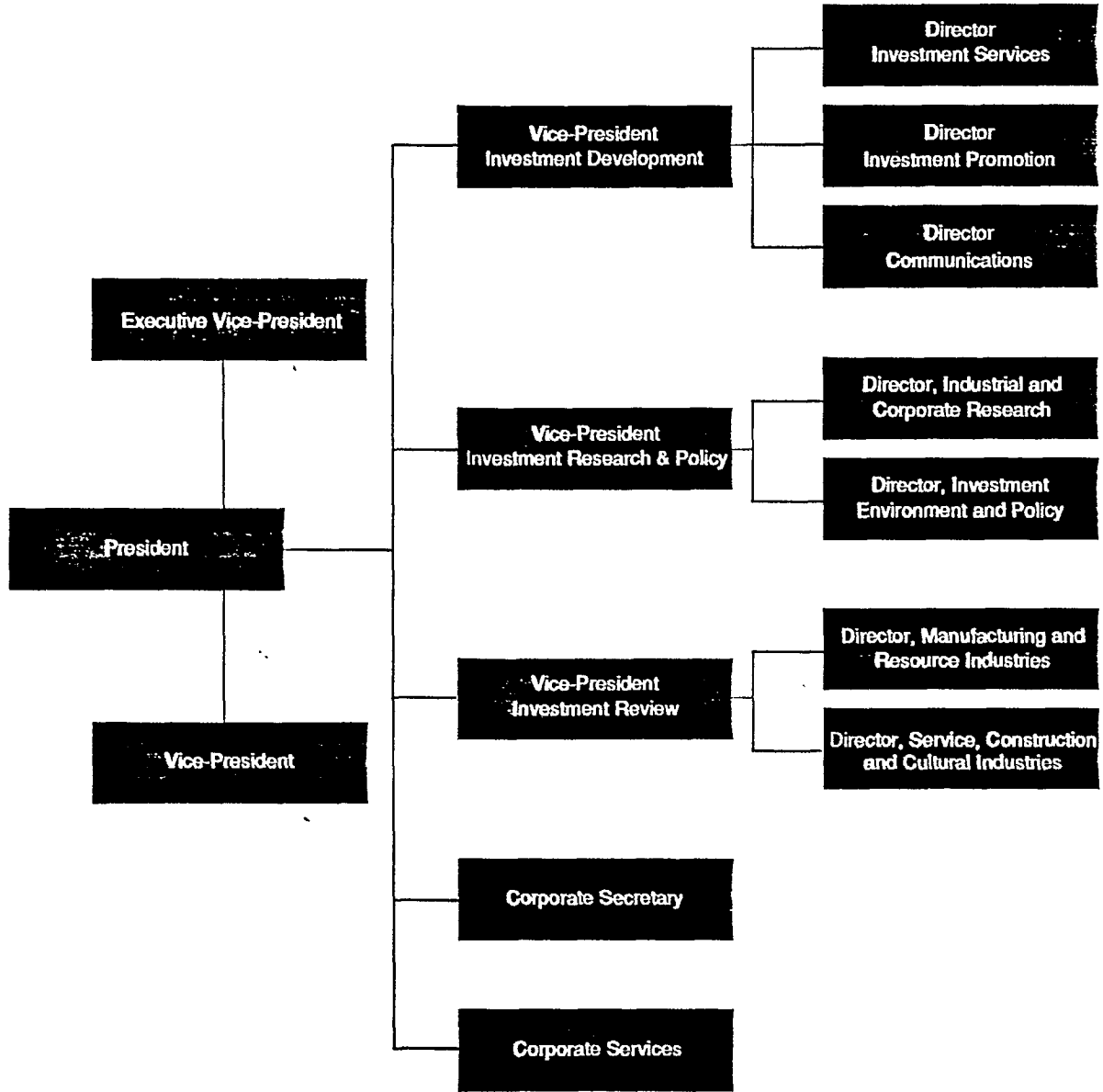
"To ensure that all investments by non-Canadians are subject to notification or application and that all significant investments, as defined by the Act, by non-Canadians are of benefit to Canada."

"To provide strategic analysis, advice and information related to increasing beneficial investment and to formulate and comment upon policies affecting investment in Canada."

"To provide the Agency with leadership and with management services."

All of the work of Investment Canada falls into one or more of the above activities. The Agency is organized along divisional lines which largely correspond to these activities.

The Organization Chart



THE ROLES, FUNCTIONS AND GOALS

The role of Investment Canada is to advise and assist the Minister in performing his/her duties as defined in the Act. The work of all the Divisions of the Agency is thus founded on the principle of support for the Minister. This is particularly true of the President's Office, where a considerable direct effort is spent in ensuring that the Minister is well served.

The work of Investment Canada has two dimensions: first is an autonomous dimension where Investment Canada manages its own projects and programs in the areas of investment development, research, policy and review. Second is an interdependent dimension where Investment Canada complements, stimulates, guides and/or coordinates the investment-related work of other government departments, as well as provincial governments and the private sector.

The following roles, functions and goals describe how each division contributes to the Agency objective.

The President's Office

Role: To provide leadership to the Agency.

The President's Office is defined to include both the functions of the President and of those people who support the President directly. The primary functions of the office are: supporting the Minister and liaising with the Minister's office; making executive decisions within the limits of delegated authority; planning, directing and managing the work of the Agency; strengthening ties with the provinces and the private sector; leading, at the federal level, investment-related activities in coordination with other government departments, the provinces and the private sector, and chairing the Interdepartmental Steering Committee on Investment.

Goals:

- Effective advice and recommendations to the Minister.
- A clear sense of direction and commitment in the Agency.
- Effective, efficient and economical management practices in the Agency.
- Clear and up-to-date operational plans for the Agency.
- Strong links to other key departments and provinces.
- Strong links to the private sector to help carry the view of government to the private sector and to bring the view of the private sector to government.
- A positive investment climate.
- A stimulating and rewarding working environment.

The Investment Development Division

Role: To strategically market Canada to Canadians and to others as a place to invest.

The Investment Development Division (IDD) is the prime focus within Investment Canada for activities aimed directly at increasing quality investment in Canada by Canadians and non-Canadians. IDD designs and implements strategies and programs to create an awareness of investment opportunities in Canada and to facilitate their realization. At the same time, IDD must ensure that non-Canadian investors are aware of the review requirements of the Investment Canada Act.

IDD accomplishes its mandate by: promoting investment in Canada to selected Canadian and non-Canadian target groups; providing or coordinating assistance to investors who make inquiries; coordinating the work of the Investment Counsellors and others; strengthening ties with the private sector; and contributing to investment policy development through a market research program. The Communications group within the Investment Development Division is responsible for developing and implementing public and media relations plans and strategies, designed to educate specific target groups on the role and programs of each division of Investment Canada.

The work of the IDD is substantially dependent upon the activities of other federal government departments. Thus, a key part of IDD work is to coordinate and liaise with these departments. IDD provides the backup for the President on the Interdepartmental Steering Committee on Investment and has developed an extensive network of working relationships with other departments, the provinces and the private sector.

Goals:

- A positive perception of Canada as a place to invest by both Canadians and non-Canadians.
- Effective influence on the resources of other federal government departments, provincial governments and private sector organizations to develop and promote investment.
- Implementation of an effective domestic investment promotion strategy.

-
- Implementation of an effective strategy for international investment promotion.
 - An effective program of assistance for prospective investors in Canada.
 - Complete and appropriate public and media relations strategies, plans and publications to promote beneficial investment in Canada.

The Investment Research and Policy Division

Role: To provide strategic analysis, advice and information related to investment in Canada and abroad and to formulate, evaluate and advise upon policy initiatives affecting investment in Canada.

The Research and Policy Division (RPD) provides analysis of investment issues and policy advice to Investment Canada and to the Minister. It is the main source, within the Agency, for strategic information and policy development. Because it is a service division and yet has responsibility for proactive research, RPD must divide its resources between its own research programs and meeting the needs of other divisions. As well, because the research priorities of RPD are often shared with several other departments, the division must liaise and coordinate with these departments in doing its work. RPD is organized in three groups: Investment Environment and Policy, Industrial and Corporate Research and the Information Centre. The main functions of RPD are as follows: monitoring the national and international investment climate; developing and maintaining data bases on investment-related matters; developing and carrying out research projects to identify emerging issues and opportunities; identifying potential new sources of investment; formulating policy proposals for Investment Canada and the Minister; evaluating and advising upon Canadian and international policies affecting investment in Canada; strengthening ties with other departments, the private sector and the provinces; providing information, briefing and research support to the Agency and the Minister and also to other federal government departments, provincial governments, the private sector and international institutions.

Goals:

- A comprehensive, up-to-date base of knowledge, including quality data bases, on investment-related topics at the national and international levels.
- Thorough research and policy papers on selected priority topics for Investment Canada.
- Targeted market research surveys to identify potential investors.
- Rapid and complete response to requests for information or for research assistance from other divisions.



- Effective links to other research and policy groups in other departments, governments and the private sector.
- Clear and complete comments on policies being developed elsewhere which affect investment.

The Investment Review Division

Role: To ensure significant investments in Canada by non-Canadians are beneficial.

The Review Division provides the advice and recommendations to the Minister on cases of investment by non-Canadians where an application is required under the Act. During the Review process, it works with the investors and their advisors in such a way that beneficial investment is encouraged, and the investment climate for investing in Canada is perceived to be favorable. The division is in direct contact with many major non-Canadian investors and assists these investors to make their investment proposals beneficial for Canada. The division has the responsibility for the development of specialized sectoral knowledge from an investment perspective in support of the review function and the Research and Policy and Development divisions of Investment Canada. The functions of the Review Division are as follows: evaluating applications and certain notifications for investment by non-Canadians; strengthening ties with other departments, the private sector and the provinces with regard to the review of significant investments; analyzing selected sectors from an investment perspective; providing advice and recommendations to the Minister; advising and assisting non-Canadian investors on meeting investment objectives of both the Canadian government and the investor; following-up and analyzing the actual results of approved investments; and contributing to the Agency's investment development and policy development activities.

Goals:

- Clear and complete analysis of significant investments by non-Canadians.
- Well-documented recommendations to the Minister on the net benefit of significant investments.
- A businesslike approach to review that gives investors the perception that the regulatory process is open and fair.
- A specialized sectoral knowledge base, from an investment perspective, for making judgments about net benefit and for identifying and assessing investment opportunities.

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- Effective advice to non-Canadian investors on meeting investment objectives of both the Canadian government and the investor.
 - Effective follow-up of approved investments by non-Canadians to assess and record the effect of the investment and, where appropriate, to monitor commitments made to the Minister under the Act.
 - Effective input to other divisions about the perceptions of the Canadian investment climate by non-Canadian investors.
 - Clear and complete comments on investment policy issues related to certain industry sectors.
 - Productive interaction with the private sector and with other federal departments and provincial governments.

Role: To ensure that the provisions of the Investment Canada Act and its regulations are met.

The Corporate Secretary Division is the resource centre on the legal interpretation of the Investment Canada Act. Its main functions are as follows: preparing opinions to be issued by the Minister and providing advice to the Minister, Investment Canada and investors on the interpretation and application of the provisions of the Act and Regulations; strengthening ties with the legal community and liaising with the Department of Justice; receiving, examining and certifying notifications and applications made under the Act; maintaining a full record of applications and notifications up to certification; monitoring investment activity to ensure that all investors file notifications or applications as required under the Act; and participating with the Investment Review Division in following-up and analysing the actual results of approved investments. The Corporate Secretary Division is also responsible for the coordination of requests made to Investment Canada under the Access to Information and Privacy Acts.

Goals:

- Clear and timely interpretations of the Act and its regulations.
- Concise and effective advice and recommendations to the Minister on the Act and its regulations.
- Sound advice to the Minister, the Agency and other government departments on investment-related legal matters arising from the Act.
- Strong ties with both the legal community and the Department of Justice.
- Sound advice and information to investors and their representatives regarding the application of the Act and its regulations and general legal assistance with respect to investment regulation in Canada.
- An efficient and effective process of examining notices and applications in order to certify that they meet regulation requirements.

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- An accurate record of applications and notifications up to certification.
 - Identification of all potentially notifiable and reviewable transactions.
 - An effective monitoring system for approved investments.
 - Effective coordination of requests under the Access to Information and Privacy Acts and of the Agency information collections.

Role: To provide the Agency with effective advice and services in the fields of human resources, finance, administration, program evaluation and informatics.

The main functions of the Corporate Services Division are as follows: reviewing and advising the Agency on overall management practices and systems; advising the President and managers on interpretation and application of relevant legislation, policies and guidelines; liaising with appropriate central agencies on management services; coordinating and preparing management plans and reports for the Agency; providing advice and services to the Divisions in the fields of human resources, finance, administration, program evaluation and informatics.

Goals:

- Timely responses to requests.
- Timely flow of information and advice to management on human resources, finance, administrative, program evaluation and informatics issues.
- Effective implementation of Central Agency policies and guidelines.
- Complete up-to-date Agency plans and reports for all areas of management services.
- Well maintained and useful equipment and material.
- Complete accurate and timely information and records system.

Summary of Organizational Functions

President's Office

- Support for the Minister
- Liaison with Minister's Office
- Exercise of delegated authority
- Executive leadership
- Management of INV
- Coordination and cooperation with federal departments
- Bridge-building with provinces and private sector

Investment Development

- Promotion of investment in Canada
 - o to Canadians
 - o to non-Canadians
- Services to potential investors
- Public and media relations strategies and programs for Investment Canada
- Working ties to other departments, provinces and private sector
- Strategic consultations with provinces

Investment Review

- Review of applications
- Sectoral framework for
 - o assessment of significant investments
 - o identification of investment opportunities
- Advice/assistance to non-Canadian investors
- Follow-up of approved investments
- Comment on policy issues for certain industries

Research and Policy

- Policy recommendations
- Market research to identify investors
- Database and strategic analysis of investment-related topics
- Analysis of the international investment environment
- Information Centre
- Research and briefing for other divisions
- New program ideas

Corporate Secretary

- Interpretation of and compliance with the Act and Regulations
- Opinions under the Act and Regulations
- Liaison with legal community and the Department of Justice
- Advice to investors
- Certification of investments
- Monitoring of approved investments
- Surveillance of investment activity
- Access to Information and Privacy Acts

Corporate Services

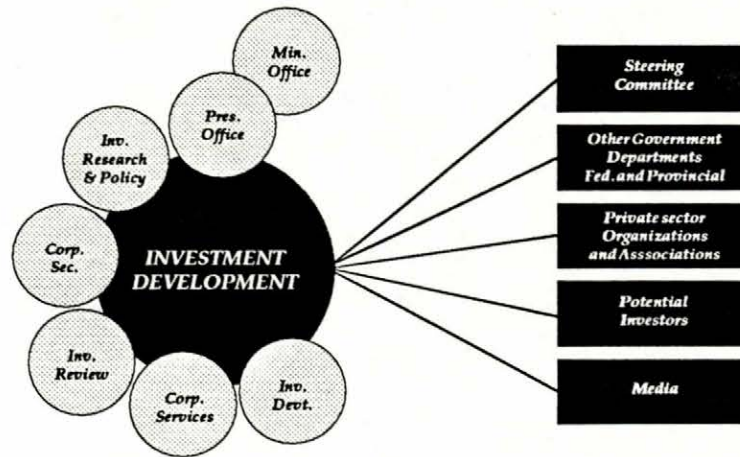
- Advice on overall management practices and systems
- Advice on relevant legislation, policies and guidelines
- Liaison with appropriate central agencies on management services
- Coordination and preparation of management plans and reports
- Services to INV for:
 - o human resources
 - o finance
 - o administration
 - o program evaluation
 - o informatics

WORKING RELATIONSHIPS

Divisions of Investment Canada work frequently together on a number of projects and activities, and good working relationships have been developed. Examples of such activities include Minister's Briefing Books on various subjects, investment missions by the President and other members of Investment Canada, Investment Review inquiries from investors and the preparation of this overview.

An idea of the extent and the scope of these relationships can be seen from the diagrams on the following pages. These are set out for illustrative purposes only; they are not meant to be comprehensive.

PROJECT: *Investment Promotion Mission*



MANAGED BY: *Investment Promotion, Investment Development Division*

CONTRIBUTIONS: INVESTMENT CANADA

Investment Research and Policy

- Briefing material for mission participants.

Corporate Secretary

- Legal advice relating to implementation of the Act.

Investment Review

- Pertinent case histories for briefing books. Sectoral background from an investment perspective.

Corporate Services

- Travel arrangements, conference fees, etc.

Investment Development

- Communications group prepares speeches, promotional material and media/public relations material.

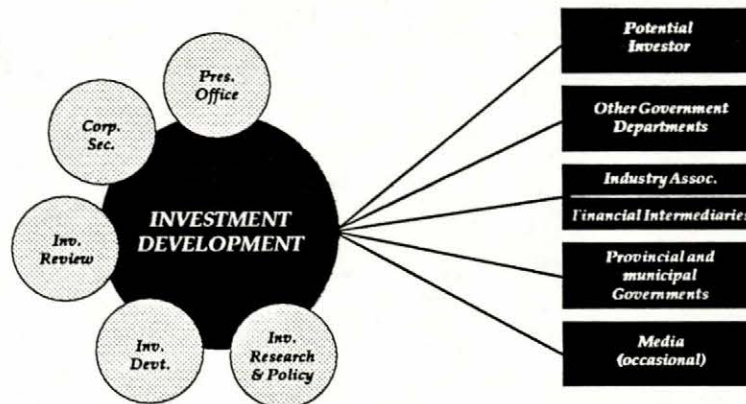
President's Office

- Represents the Agency or briefs the Minister's Office if ministerial representation is appropriate.

OTHERS

- Steering Committee approves the program.
- Other Government departments, both federal and provincial, provide information and assistance.
- Private sector organizations and associations provide sector-related information.
- Potential investors supply data on the companies and their capabilities as investors.
- Media are instrumental in presenting our point of view.

PROJECT: *Investor Enquiry*



MANAGED BY: *Investment Services, Investment Development Division*

CONTRIBUTIONS: INVESTMENT CANADA

Corporate Secretary

- Legal advice. Notification and application procedures.

Investment Review

- Advice on review process. Sectoral background from an investment perspective.

Investment Development

- Communications group produces promotion literature. Presentation development.

Investment Research and Policy

- Data on Canadian investment environment. Corporate background.

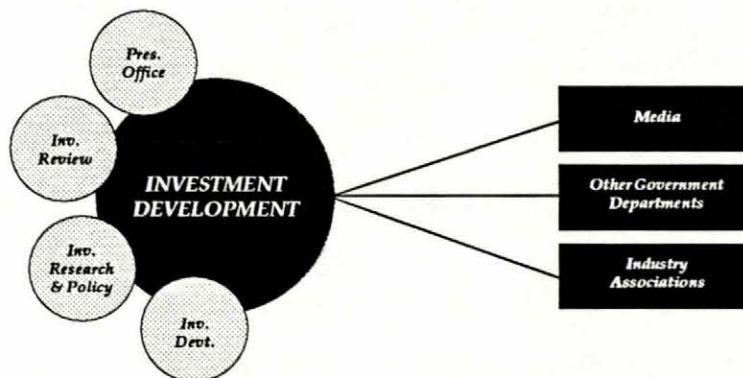
President's Office

- Make representation if necessary.

OTHERS

- Potential investor submits request for investment information.
- Other federal government departments provide advice and information.
- Provincial and municipal governments provide information on investment opportunities.
- Canadian business associations give sector-related information.
- Canadian financial intermediaries provide advice and information.

PROJECT: *Media Relations Activity*



MANAGED BY: *Communications, Investment Development Division*

CONTRIBUTIONS: INVESTMENT CANADA

President's Office

- Meets members of Canadian and international media.

Investment Research and Policy

- Prepares research background material, e.g., trade and investment statistics.

Investment Review

- Provides background material on specific investment data.

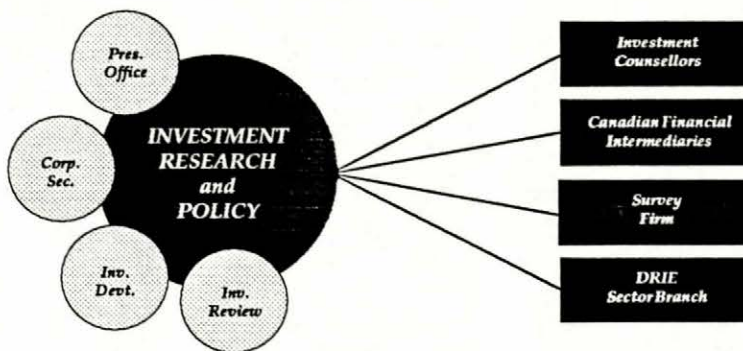
Investment Development

- Investment Promotion group supports President and / or meets media representatives.

OTHERS

- Senior business editors from Canada and other countries visiting North America generally seek background material on investment matters.
- Other departments, e.g., External Affairs, may invite journalists to meet Canadian government and business leaders to increase awareness of Canadian economy abroad.
- Associations may be invited to support Investment Canada message.

PROJECT: *Prospecting for American Investors/Corporate and Market Profiles*



MANAGED BY: *Research group, Investment Research and Policy Division*

CONTRIBUTIONS: INVESTMENT CANADA

Investment Development

- Seeks to identify potential investors in targeted area.

Corporate Secretary

- Legal advice. Notification and application procedures.

President's Office

- Meets with potential investor.

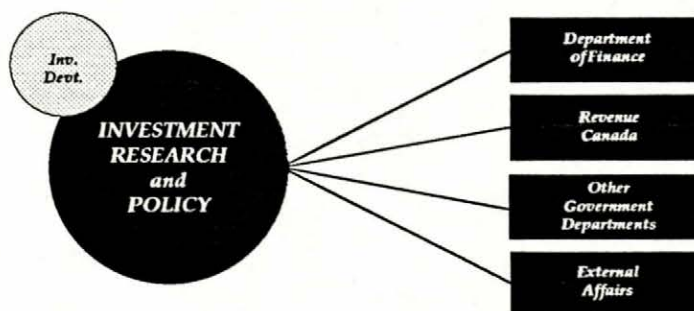
Investment Review

- Considers notification of firm's intentions. Canadian industry sectoral background from an investment perspective.

OTHERS

- Survey firm produces original list of potential investors.
- Investment Counsellors liaise with potential investors.
- Financial intermediaries assist potential investors in finding capital or assessing profitability of deals.
- DRIE contributes to market profiles.

PROJECT: *Study Comparing Canadian and U.S. Tax Policies and Rates*



MANAGED BY: *Policy Group, Investment Research and Policy Division*

CONTRIBUTIONS: INVESTMENT CANADA

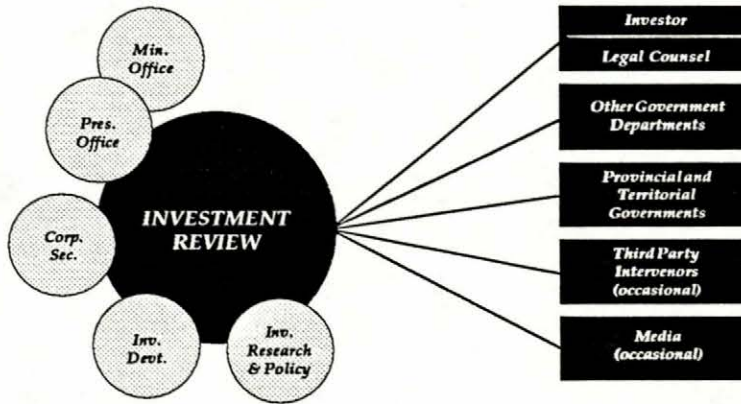
Investment Development

- Advises on need for tax information by overseas posts and investor services.
- Communications group publishes and distributes study produced by Policy group.

OTHERS

- Departments of Finance and Revenue provide Canadian and U.S. tax policies.
- Other Government Departments provide speciality information (e.g., EMR on taxation policies affecting energy sector).
- External Affairs and Investment Counsellors advise on tax issues of greatest interest to foreign investors. External Affairs distributes final study to its overseas posts.

PROJECT: *Investment Application*



MANAGED BY: *Investment Review Division*

CONTRIBUTIONS: INVESTMENT CANADA

Corporate Secretary

- Legal matters.

Investment Development Division

- Communications strategy and/or media relations (as required).

Investment Research and Policy Division

- Research material (as necessary).

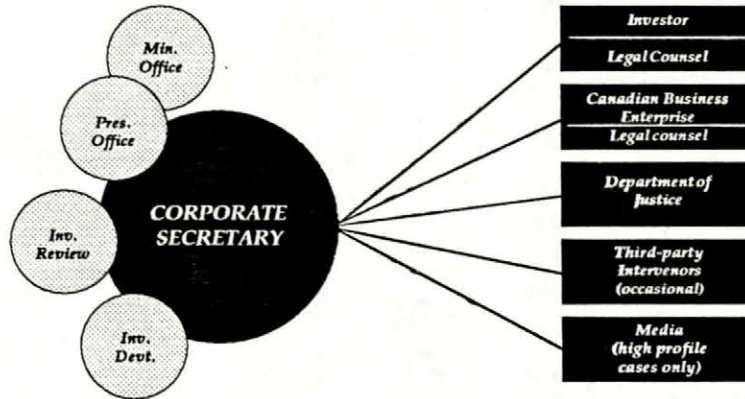
President's Office

- Advice to Minister and liaison with the Minister's Office.

OTHERS

- Investor makes application (usually through its counsel).
- Other government departments provide technical, sector, and policy information.
- Provinces provide information on regional policy and concerns.
- Third-party intervenors (e.g., industry associations, competitors, Canadian bidders, Members of Parliament) may express opinions.
- Investment may be covered by the business press and interface with media may be required.

PROJECT: *N*on-*S*tatus *O*pinion



MANAGED BY: *The Corporate Secretary*

CONTRIBUTIONS: INVESTMENT CANADA

Investment Review

- Information relating to the investor, Canadian business and the particular industry sector involved.

Investment Development

- Communications strategy and/or media relations (as necessary).

President's Office

- Takes decisions as delegated by the Minister and briefs Minister's Office on sensitive or high profile cases.

OTHERS

- Investor makes application for opinion (usually through its counsel).
- Canadian Business Enterprise provides background information.
- Department of Justice provides legal advice concerning enforceability of legislation with respect to the situation.
- Third-party intervenors may voice concerns on the impact of an investment.
- Interface with the media may be required on any high profile case.

