



# **Western Economic Diversification Canada**

**2011–2012  
Estimates**

## **Report on Plans and Priorities**

---

The Honourable Rona Ambrose, P.C., M.P.  
Minister of Public Works and Government Services and  
Minister for Status of Women

---

The Honourable Lynne Yelich, P.C., M.P.  
Minister of State (Western Economic Diversification)



# TABLE OF CONTENTS

Minister's Message.....	1
Minister of State's Message.....	2
<b>Section I: Departmental Overview .....</b>	<b>3</b>
1.1 <i>Raison d'être</i> and Responsibilities .....	3
1.2 Contribution to the Federal Sustainable Development Strategy.....	5
1.3 Strategic Outcome and Program Activity Architecture.....	6
1.4 Planning Summary .....	7
1.5 Contribution of Priorities to Strategic Outcome.....	10
1.6 Risk Analysis .....	14
1.7 Expenditure Profile.....	18
1.8 Estimates by Vote.....	19
<b>Section II: Analysis of Program Activities by Strategic Outcome .....</b>	<b>20</b>
2.1 <b>Strategic Outcome: The western Canadian economy is developed and diversified .....</b>	<b>20</b>
2.1.1 Program Activity: Business Development.....	21
2.1.2 Program Activity: Innovation .....	22
2.1.3 Program Activity: Community Economic Development.....	23
2.1.4 Program Activity: Policy, Advocacy and Coordination .....	25
2.1.5 Program Activity: Internal Services.....	26
2.1.6 Canada's Economic Action Plan Activities.....	27
<b>Section III: Supplementary Information .....</b>	<b>28</b>
3.1 <b>Financial Highlights.....</b>	<b>28</b>
3.2 <b>Supplementary Information Tables .....</b>	<b>29</b>
<b>Section IV: Other Items of Interest.....</b>	<b>30</b>
4.1 <b>Corporate Business Plan .....</b>	<b>30</b>
4.2 <b>Section 41, <i>Official Languages Act</i>.....</b>	<b>30</b>
4.3 <b>Sustainable Development Strategy .....</b>	<b>30</b>
4.4 <b>Strategic Planning Framework for 2011–12.....</b>	<b>30</b>



## Minister's Message

As Minister for Western Economic Diversification Canada (WD), I am pleased to present the department's *2011–2012 Report on Plans and Priorities*.

Over the last year, WD has taken action to ensure that Western Canada emerges from the economic downturn stronger than ever by helping to deliver Canada's Economic Action Plan (EAP) across the West. The Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada (RInC) program are delivering results in our communities by creating and maintaining jobs, improving the quality of life in western communities and paving the way for our future prosperity.



WD will continue to ensure that the West remains strong, innovative and competitive in the global marketplace. To achieve our mandate, WD will continue to diversify the western economy by supporting entrepreneurship, fostering innovation, strengthening our communities and opening the door to international markets.

As we move forward, WD will continue its tradition of working closely with western provinces, communities and stakeholders to build on their unique strengths and to identify new areas of economic opportunity. Together, we are building a stronger West for a stronger Canada.

The Honourable Rona Ambrose, P.C., M.P.

## Minister of State's Message

Since its establishment in 1987, Western Economic Diversification Canada (WD) has been acting on the priorities of western Canadians by focusing on growing small businesses, creating local jobs and attracting more investment to expand the economy.

The year 2010 has been remarkable, with Canada's Economic Action Plan (EAP) creating nearly 430,000 jobs and helping Canadians through these fragile economic times. In Western Canada, WD continues to play an instrumental role in carrying out the Action Plan by delivering the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada (RInC) program.



I am proud of the work that WD has done to deliver more than 1,000 CAF and RInC projects that are creating jobs, upgrading infrastructure and stimulating the local economies in communities across the West. While project work will be winding down, work to finalize the administration of these two important programs will continue into the New Year.

Innovation drives economic growth; it is about the new ideas that bring economic benefits from research. WD will concentrate its investments in bringing to market new products, services and technologies. WD investments in the research, technologies and people that create value from ideas position the West as a leader in innovation. Through innovation, we strengthen the economy today and beyond.

Enhancing business productivity and competitiveness is crucial to the western economy and continues to be a priority for WD. By making strategic investments that enable businesses to innovate, increase trade and export opportunities as well as promote skills development, we are helping strengthen small and medium-sized enterprises in western communities.

Moving forward, WD will continue to work closely with its partners and stakeholders to improve the long-term competitiveness of the West. The department's policies and programs will continue to foster economic growth by supporting innovation, business development and community economic development.

The Honourable Lynne Yelich, P.C., M.P.

# Section I: Departmental Overview

## 1.1 *Raison d'être* and Responsibilities

Western Economic Diversification Canada (WD) is the federal government's regional development agency in the West. Established in 1987, WD is responsible for strengthening, diversifying and expanding the economy of Western Canada.<sup>1</sup> Today, with the challenges of a shifting global economy, WD's contributions have become more important than ever.

Our vision is *to be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities*. WD's [programs](#)<sup>2</sup> result in initiatives that strengthen:

- **Innovation:** WD's investments in Innovation promote the growth of a stronger, sustainable knowledge-based economy. The department's investments have acted as a catalyst in the development of a wide range of technology clusters, including life sciences in British Columbia, nanotechnology in Alberta, light source technology in Saskatchewan and composite materials in Manitoba. Last year alone, technology commercialization projects supported by WD were expected to result in 180 technologies brought to the marketplace. These innovations create exciting new opportunities in the West and provide the foundation for future economic growth and diversification.
- **Business Development:** WD's support for Business Development helps small and medium-sized enterprises (SMEs) become more innovative, grow faster, create value-added jobs and compete in global markets. Each year, the more than 100 partners in WD's Western Canada Business Service Network provide thousands of western entrepreneurs with the information, training and capital they need to start and grow successful ventures. Other initiatives, like the 2010 Partnership Investment Program, focus on strengthening international trade. Taking advantage of the unique opportunity presented by the 2010 Olympics, the program brought representatives of more than 70 global companies to Vancouver, spurring partnerships with regional firms that created \$60 million in business deals over the first two months.
- **Community Economic Development:** WD's Community Economic Development activities help rural and urban communities adjust to changing economic circumstances, invest in public infrastructure and sustain their local economies. Many western communities, particularly in rural areas, remain heavily dependent on volatile resource sectors. The 90 Community Futures organizations, supported by WD in the West, play a particularly important role in leading community planning activities and other economic development initiatives to help rural communities remain competitive in a changing global economy.

---

<sup>1</sup> WD was established under the [Western Economic Diversification Act, 1985](#).

<sup>2</sup> <http://www.wd-deo.gc.ca/eng/16.asp>

The strength of WD is its location: it is a federal department located in the West, in each of the four western provinces and with its headquarters in Edmonton. WD's presence in each western province has enabled it to work with key partners—other orders of government, community and business leaders, research and academic institutions as well as non-profit organizations—to leverage its investments and actions to benefit the western economy.

Another strength of WD is its in-depth understanding of western Canadian issues and perspectives as well as its connections to and knowledge of Ottawa and the rest of the federal government. This allows the department to act as a bridge between the perspectives of the West and Canada's national policy and decision makers. WD brings Government of Canada programs and expertise to Western Canada, brings western Canadian interests to Ottawa and works within the federal system to ensure that those perspectives are brought to bear in federal decision making.

#### **Mandate**

*To promote the development and diversification of the economy of Western Canada and advance the interests of the West in national economic policy, program and project development and implementation.*

WD's strong connections in the West also enable the department to deliver programs on behalf of the Government of Canada. This includes two key components of Canada's Economic Action Plan (EAP), the [Recreational Infrastructure Canada \(RInC\) program](http://www.wd.gc.ca/eng/11264.asp)<sup>3</sup> and the [Community Adjustment Fund \(CAF\)](http://www.wd.gc.ca/eng/11269.asp),<sup>4</sup> which are creating and maintaining jobs in western Canadian communities to help the region recover from the recent global recession. WD played a key role in the design of these programs, to ensure that the unique regional needs of the West were incorporated. WD continues to deliver other key federal infrastructure programs, such as the Building Canada Fund.

WD is well positioned to continue to strengthen, diversify and expand the economy of Western Canada, to deliver high calibre federal programming and to work with national policy and decision makers to enhance understanding of western interests and perspectives. The depth and breadth of its relationships with key western partners will continue to add value to the work that the department undertakes.

---





<sup>3</sup> <http://www.wd.gc.ca/eng/11264.asp>

<sup>4</sup> <http://www.wd.gc.ca/eng/11269.asp>



## 1.2 Contribution to the Federal Sustainable Development Strategy

WD works to build a stronger, more diversified western Canadian economy while contributing to the environmental sustainability of Western Canada. The department demonstrates strong support for the Government of Canada's Federal Sustainable Development Strategy (FSDS), which includes four priority themes:

-  I. Addressing Climate Change and Clean Air
-  II. Maintaining Water Quality and Availability
-  III. Protecting Nature
-  IV. Shrinking the Environmental Footprint – Beginning with Government

WD contributes to three of the FSDS priority themes. Themes I and II are addressed as part of WD's activities related to innovation, which includes projects that strengthen technology commercialization and the adoption of clean energy and water technologies.

WD has also developed strategies to support theme IV, Greening Government Operations (GGO), through commitments to reuse or recycle surplus electronic and electrical equipment, reduce printers and paper consumption and develop a green meeting guide. (For more information, refer to [WD's GGO table](#).<sup>5</sup>)

As part of its FSDS activities, WD utilizes Strategic Environmental Assessments in departmental decision making involving policies, plans and program proposals. For more information, refer to WD's [sustainable development strategy Web site](#).<sup>6</sup> For complete details on the FSDS, refer to the [Planning for a Sustainable Future: The Federal Sustainable Development Strategy for Canada Web site](#).<sup>7</sup>

---



<sup>5</sup> <http://www.tbs-sct.gc.ca/rpp/2011-2012/info/info-eng.asp>

<sup>6</sup> <http://www.wd.gc.ca/eng/57.asp>

<sup>7</sup> <http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1>

## 1.3 Strategic Outcome and Program Activity Architecture

In 2011–12, WD will continue to achieve its strategic outcome of developing and diversifying the western Canadian economy by focusing on the program activities below. These activities, comprising WD’s Program Activity Architecture (PAA), will help ensure that the West continues to make a strong contribution to Canada’s economic success.<sup>8</sup>

Strategic Outcome	Program Activities	Program Sub-Activities
The western Canadian economy is developed and diversified	Business Development	Improve Business Productivity
		Market and Trade Development
		Industry Collaboration
		Foreign Direct Investment
		Access to Capital
	Innovation	Technology Adoption and Commercialization 
		Technology Linkages
		Technology Research and Development
		Community Innovation
		Technology Skills Development
		Knowledge Infrastructure
	Community Economic Development	Community Planning
		Community Development
		Community Economic Adjustment
		Community Infrastructure
	Policy, Advocacy and Coordination	Collaboration and Coordination
		Research and Analysis
		Advocacy
	Internal Services	Governance and Management Support
		Resource Management Services 
Asset Management Services 		

<sup>8</sup> Icons in the chart represent programming applicable to the FSDS (refer to the previous page for icon descriptions).

## 1.4 Planning Summary

### Financial Resources

WD invests its core resources in the following activities to support the development and diversification of the western Canadian economy:

- administering grant and contribution [programs](#)<sup>9</sup> that advance innovation, business development and community economic development throughout the four western provinces;
- supporting the [Western Canada Business Service Network](#),<sup>10</sup> made up of more than 100 economic development organizations in rural and urban communities across the West, where entrepreneurs can get assistance in starting and expanding their businesses;
- implementing federal-provincial initiatives such as the [Western Economic Partnership Agreements](#),<sup>11</sup> bilateral agreements between the Government of Canada and each of the four western provinces that address economic challenges by investing in shared priorities;
- advancing the interests of the West in the development and implementation of national economic policies, programs and projects by advocating for Western Canada on important economic matters;
- undertaking and supporting research, consultations and other activities to improve understanding of the western Canadian economy.

WD's planned spending for 2011–12 is \$195.5 million, an amount that is expected to decrease over the next two fiscal years, primarily as a result of the conclusion of the Alberta and Saskatchewan Centenaries initiative and the Rick Hansen Foundation initiative.

(\$ thousands)

2011–12	2012–13	2013–14
195,530	182,570	174,258

---

<sup>9</sup> <http://www.wd-deo.gc.ca/eng/16.asp>

<sup>10</sup> <http://www.wd.gc.ca/eng/99.asp>

<sup>11</sup> <http://www.wd.gc.ca/eng/297.asp>

## Human Resources

WD's staff is an essential part of the core resources that allow the department to achieve its vision *to be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities*. Their commitment enables the department to contribute to the strength and success of Western Canada's economy. With offices in Manitoba, Saskatchewan, Alberta, British Columbia and Ottawa, WD is a western-based department, with 89 percent of its staff in the West. The table below provides a summary of the total planned human resources for WD over the next three fiscal years.

(Full-time Equivalents – FTEs)

2011–12	2012–13	2013–14
407	404	403

## Planning Summary Table

The performance indicators and targets outlined in the table below provide a broad macroeconomic context for WD's planning and priority setting. The numerical targets reflect economic forecasts for Western Canada for the 2011–12 planning period. These indicators assist the department in identifying activities and performance measures that respond to western economic conditions.

The second part of the table shows the distribution of WD's overall funding over the next three fiscal years by the five program activities that comprise WD's PAA.

<b>Strategic Outcome: The western Canadian economy is developed and diversified</b>	
<b>Performance Indicators</b>	<b>Targets</b>
Real Gross Domestic Product (GDP) growth in Western Canada	3%
Labour productivity growth in Western Canada, measured as year-over-year change in real GDP per hour worked	1.2%
Primary production as a percentage of GDP	14%
Research and development (R&D) intensity: Gross Domestic Expenditures on R&D as percentage of GDP	1.4% <sup>12</sup>

---

<sup>12</sup> 1.4 percent is 0.1 percentage point above the five-year western Canadian average.

Program Activity <sup>13</sup>	Forecast Spending 2010–11 (\$ thousands)	Planned Spending (\$ thousands)			Alignment to Government of Canada Outcomes
		2011–12	2012–13	2013–14	
Business Development	52,630	52,536	52,536	53,024	Strong Economic Growth
Innovation	71,498	69,169	69,169	64,406	An Innovative and Knowledge-Based Economy
Community Economic Development	299,531 <sup>14</sup>	40,042 <sup>15</sup>	27,105	23,105	Strong Economic Growth
Policy, Advocacy and Coordination	8,665	9,049	9,049	9,012	Strong Economic Growth
Internal Services	29,164	24,734	24,711	24,711	-
<b>Total</b>	<b>461,488</b>	<b>195,530</b>	<b>182,570</b>	<b>174,258</b>	

<sup>13</sup> For more information, refer to WD's [Main Estimates](http://www.tbs-sct.gc.ca/est-pre/20112012/me-bpd/toc-tdm-eng.asp) at <<http://www.tbs-sct.gc.ca/est-pre/20112012/me-bpd/toc-tdm-eng.asp>>.

<sup>14</sup> \$256.4 million in forecast spending for 2010–11 is attributed to delivery of EAP programs across the West.

<sup>15</sup> This does not include \$23 million in planned spending for the RInC program extended to October 31, 2011, under Canada's EAP.

## 1.5 Contribution of Priorities to Strategic Outcome

In 2011–12, WD will focus on seven key operational and management priorities described below. These priorities are at the core of the department’s efforts to achieve its Strategic Outcome of developing and diversifying the western Canadian economy. The following tables outline further detail in each of these areas.

Operational Priority: Trade and Investment	Type: Ongoing	Links to Program Activity: Business Development
<p><b>Why this is a priority</b></p> <ul style="list-style-type: none"> <li>• Western Canada is a small domestic market and highly dependent on international trade, with exports accounting for nearly 35 percent of its Gross Domestic Product (GDP).</li> <li>• Accessing international markets and attracting foreign direct investment contributes to productivity, competitiveness and economic growth.</li> <li>• Trade and investment helps SMEs increase their competitiveness and productivity by allowing them to take advantage of economies of scale, gain access to innovative ideas, technology and capital and increase their long-term revenues.</li> <li>• Foreign direct investment increases technology, knowledge and skills transfer to the host country and promotes innovation through the development of new technologies.</li> </ul> <p><b>Plans for meeting the priority</b></p> <ul style="list-style-type: none"> <li>• Support activities and investments that strengthen SME engagement in international markets and enhance their ability to access global value chains.</li> <li>• Increase awareness of Western Canada as a competitive investment destination.</li> <li>• Build connections between SMEs and major international aerospace, marine and defence companies to enable western SMEs to access federal procurement and industrial regional benefits opportunities.</li> <li>• Focus on technology and value-added sectors (e.g., information and communications technologies (ICT), life sciences, emerging technologies and manufacturing) in the priority markets of the United States, Mexico, the Asia-Pacific region and Latin America.</li> </ul>		
Operational Priority: Technology Commercialization	Type: Ongoing	Links to Program Activity: Innovation
<p><b>Why this is a priority</b></p> <ul style="list-style-type: none"> <li>• Technology commercialization translates knowledge and technology into new commercial opportunities, contributing to business productivity, competitiveness and economic growth.</li> <li>• Technology commercialization contributes to economic diversification by increasing the share of GDP derived from higher value-added sectors of the economy.</li> <li>• Business Expenditures on Research and Development (BERD)—a key driver of technology commercialization—are lower in the West (0.6 percent of GDP) than the rest of Canada (1 percent) and the Organization for Economic Co-operation and Development average (1.6 percent).</li> </ul>		

**Plans for meeting the priority**

- Support market-driven technology commercialization to ensure western Canadian firms are better positioned to get western technologies to market.
- Provide support to industry associations and the R&D community to increase access of firms to product development assistance, management expertise, skilled personnel and early stage capital to accelerate firm formation and growth.
- Build capacity in non-profit technology transfer organizations that identify, protect and license technologies for commercialization.

**Operational Priority:** Business Productivity and Competitiveness

**Type:** Ongoing

**Links to Program Activity:** Business Development

**Why this is a priority**

- Productivity growth is a critical element for ensuring long-term economic growth.
- Canada’s productivity performance has lagged behind most industrialized countries over the past 25 years. In 2009, Canada’s productivity was 70 percent that of the United States. The widening productivity gap is due to differences in the rate of technology adoption, R&D expenditures, investment in machinery and equipment, firm organization, size and capacity utilization.
- Globalization has created pressure on firms to be competitive. Increasing productivity is an important component of improving competitiveness.

**Plans for meeting the priority**

- Support initiatives to improve business processes, accelerate product development and strengthen supply chain management, including the adoption of lean manufacturing practices, through work with industry associations and other non-profit organizations.
- Support improved business processes and best practices among SMEs (e.g., through funding to the [Western Canada Business Service Network](#)<sup>16</sup>).
- Support initiatives that strengthen management skills and human resource development related to productivity improvement.

**Management Priority:** Public Service Renewal

**Type:** Ongoing

**Links to Program Activity:** All program activities

**Why this is a priority**

- WD must ensure that it has the workforce—the staff, knowledge and skills—it needs to deliver on its mandate.
- WD must respond to changing employee demographics and the projected increase in the rate of retirement.
- WD’s human resource objectives support the Government of Canada priority of public service renewal. (For more information, refer to the [Public Service Renewal Action Plan](#).<sup>17</sup>)

<sup>16</sup> <http://www.wd.gc.ca/eng/99.asp>

<sup>17</sup> <http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=clerk-greffier>

**Plans for meeting the priority**

- Ensure resource considerations are integrated into business plans, including human resource, information management and technology and financial, to ensure business objectives can be realized.
- Undertake strategic recruitment with an ongoing focus on employment equity and official languages.
- Implement employee development initiatives with a focus on sound management, leadership skills development and official languages.
- Prepare and implement an action plan in response to 2011 Public Service Employee Survey results.
- Implement a new WD values and ethics code to ensure high ethical standards and practices, consistent with *The Values and Ethics Code for the Public Sector* and *The Policy on Conflict of Interest and Post-Employment*.

**Management Priority:**

Performance Measurement

**Type:**

Ongoing

**Links to Program Activities:**

All program activities

**Why this is a priority**

- Effective performance measurement is essential for demonstrating and communicating WD's impact on the development and diversification of the western Canadian economy.
- Meaningful performance data will improve the capacity of WD to engage in evidence-based decision making and policy development and enable the department to implement strategic adjustments as required.

**Plans for meeting the priority**

- Review current performance indicators and Performance Measurement Framework to assess WD's effective performance measurement regime.
- Improve and integrate project management and reporting systems.
- Increase the use of qualitative measures and case studies to provide evidence-based analysis of WD's results in implementing its mandate.

**Management Priority:**

Integrated Risk Management

**Type:**

Ongoing

**Links to Program Activities:**

All program activities

**Why this is a priority**

- Integrated risk management helps to ensure that WD is taking a systematic approach to identifying and managing strategic, operational and project risks.
- An effective risk management approach will ensure that WD focuses its time and resources on high-impact areas.
- Integrated risk management is important for WD to meet the requirement of new Treasury Board policies such as the Transfer Payment Policy or of government-wide initiatives such as the [Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs](#), which contain expectations related to levels of control and risk management.



**Plans for meeting the priority**

- Renew the department’s Corporate Risk Profile to ensure it provides an up-to-date assessment of key risks WD needs to address.
- Finalize a risk management policy and implementation guide to ensure effective oversight and reporting of risk.
- Support the establishment and refinement of risk-based processes and tools to support risk management practices in the department.

**Management Priority:**

Information Management

**Type:**

Ongoing

**Links to Program Activities:**

All program activities

**Why this is a priority**

- Effective information management is important to ensure the integrity, accuracy, availability, quality and business value of information in the department.
- Sound information management will contribute to operational efficiencies, reduce storage requirements for physical records and facilitate knowledge transfer.

**Plans for meeting the priority**

- Introduce an electronic document and records management solution to improve management of records.
- Develop and implement WD information management policies in compliance with Treasury Board Secretariat policy and directives.

## 1.6 Risk Analysis

### External Operating Environment

The western Canadian economy is an important part of the Canadian economy. Home to about one-third of all Canadians, the four western provinces have a combined Gross Domestic Product (GDP) that is about equal to that of Ontario. There is a close link between economic activity and trade flows in Western Canada and the United States and increasingly with the large, growing economies of the Asia-Pacific region. Because of its significant size and strong economic performance, western Canadian issues, economic performance and economic development opportunities have a significant impact on national economic performance.

*Western Canadian issues, economic performance and economic development opportunities are important for Canada.*

As Canada's regional economic development agency in Western Canada, WD's strategic direction is aligned with Government of Canada priorities and supports federal strategies and policies such as [Advantage Canada](#),<sup>18</sup> the [Science and Technology Strategy](#)<sup>19</sup> and the [Global Commerce Strategy](#).<sup>20</sup> WD works to ensure western interests are considered in the development of major federal policies and strategies and to align its programs and priorities accordingly.

The global recession in 2009 significantly affected the western Canadian economy, given its reliance on exports and commodity markets. Real GDP declined in Saskatchewan, Alberta and British Columbia, while Manitoba had no growth. In 2010, the economy showed clear signs of recovery, with all western provinces showing positive economic growth. In 2011–12, WD will contribute to sustained economic recovery through its programs, with a priority placed on ensuring the successful completion of EAP programs that WD delivers across the West on behalf of the Government of Canada.

Economic growth and prosperity in Western Canada have been largely resource-driven and the West has benefitted from prolonged periods of high demand and prices for commodities. While the West's natural resources are expected to provide a strong foundation for future economic growth, the resource-driven growth has masked a number of fundamental challenges facing Western Canada's long-term economic prospects. The strong economic performance of many fast-growing economies such as China, Korea, India and Brazil are eroding the competitive position of many western Canadian firms. Western Canadian businesses have comparatively low levels of investment in R&D and slower

*But there are fundamental challenges facing the western Canadian economy.*

<sup>18</sup> <http://www.fin.gc.ca/ec2006/plan/pltoc-eng.asp>

<sup>19</sup> [http://www.ic.gc.ca/eic/site/ic1.nsf/eng/h\\_00856.html](http://www.ic.gc.ca/eic/site/ic1.nsf/eng/h_00856.html)

<sup>20</sup> <http://www.international.gc.ca/commerce/strategy-strategie/index.aspx>

rates of adoption of new technologies and equipment, particularly outside of the major resource sectors. This has contributed to declining competitiveness and slow productivity growth compared to Western Canada's competitors.

Western Canada's economic growth is anchored by the natural resources sector, which has supported the creation of industry clusters in sectors such as mining, forestry, oil and gas and agriculture. For example, oil sands have become an economic driver across much of Western Canada in recent years. To maintain the competitive position of western Canadian businesses and increase the value they create in Western Canada, WD invests in projects and activities that help businesses increase their productivity and competitiveness through the development, adoption and commercialization of new technologies and business processes. The department also seeks to help businesses increase the economic output of these sectors through higher value-added production and access to international markets.

International trade is critical for Western Canada to overcome the limitations imposed by a small domestic economy, gain access to international markets and improve business innovation. Foreign direct investment can address gaps in risk capital in Canada by providing access to the financial base of parent companies, an important way to provide greater access to funding for R&D and technology commercialization. In 2011–12, WD will continue to work with western SMEs, industry associations and research facilities to improve access to global value chains, attract foreign direct investment and strengthen their international R&D partnerships.

*To respond to these challenges, WD supports economic development by building on the West's existing advantages and strengths and helping create new opportunities through the development of new and growing sectors of the economy and higher value products and services.*

Canada—Western Canada, in particular—has had limited success in commercializing technologies, despite an emergence of knowledge-based industries and expansion of R&D capacity and infrastructure. To be competitive in the global marketplace as well as foster and stimulate growth domestically, western Canadian businesses need to develop and commercialize new goods and services by capitalizing on regional strengths in emerging industries. WD, in 2011–12, will continue its strong support for projects and programs that accelerate the commercialization of new knowledge-based products and services.

To be effective in advancing its strategic outcome in the West, WD works with a number of partners and stakeholders, including provincial and municipal governments, industry associations, non-profit organizations, post-secondary institutions, research organizations and other federal departments. These partners and stakeholders include co-funders, service delivery partners, research collaborators, stakeholders in advocacy and policy development as well as funding recipients. While WD's partners and stakeholders bring tremendous strengths, resources and capacity to the economic development and diversification challenges in the West, WD must ensure that its programs and priorities are aligned with and sensitive to the needs of its key partners and stakeholders to maximize the department's impact.

## Internal Operating Environment

WD's internal operating environment influences its ability to deliver on its priorities and advance its strategic outcome of a developed and diversified western Canadian economy.

Fiscal year 2011–12 will mark a transition for WD. The department will be completing the delivery of the CAF and the RInC program and expects to make other program and operating changes as a result of the Government of Canada's comprehensive review of government administrative functions and overhead costs, which may identify opportunities for savings and improved service delivery. Subsequent reports to Parliament will reflect additional information.

WD has offices in each of the four western provinces. The department's budgets, authorities and responsibilities are largely regionally based to ensure that WD activities address western needs. In 2011–12, WD will be working to coordinate its activities across its regions and address western opportunities and challenges.

Like many economic development organizations with programs that contribute to broader macroeconomic results, WD faces the challenge of attributing the impact of its efforts on the development and diversification of the western Canadian economy. As well, the diversity of the department's activities, ranging from trade and investment to technology commercialization, has led to the use of a large number of performance indicators. Moreover, WD relies on the organizations it funds to capture performance measurement information and report to the department; however, many funded organizations have different data collection methodologies and lack the capacity and resources to collect and interpret performance data. To ensure that it can effectively report its results, WD has identified the refinement of its performance measures and an improved demonstration and communication of its results as one of its management priorities in 2011–12.

In response to the [\*Federal Accountability Act\*](#),<sup>21</sup> which includes measures to strengthen auditing and accountability in government departments, WD has built its internal audit capacity and appointed an external Departmental Audit Committee. WD is working to respond to the increased need from the public and Parliament to strengthen its management and accountability regimes, while ensuring that it retains the capacity to respond to its partners and the economic needs of the West.

The 2006 [\*Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs\*](#)<sup>22</sup> and the 2007 [\*Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs\*](#)<sup>23</sup> are important to WD as a grants and contributions delivery department. Recommendations from the Panel include simplifying program administration and ensuring that programs are citizen-centered, results-focused and based on a regime of risk management. WD's plans in 2011–12 include examining service standards, reducing unnecessary reporting, further

---

<sup>21</sup> <http://www.tbs-sct.gc.ca/faa-lfi/index-eng.asp>

<sup>22</sup> <http://dsp-psd.pwgsc.gc.ca/Collection/BT22-109-2007E.pdf>

<sup>23</sup> <http://www.tbs-sct.gc.ca/gcr-esc/docs/2008/ragcp-rapsc-eng.asp>

integrating risk management in decision making and modernizing administrative systems and processes, all of which respond to the Panel's recommendations and support the Action Plan.

## **Corporate Management of Risk**

As part of its risk management approach, WD integrates risk information into its key decision-making and planning activities. To help facilitate this integration, the department develops a Corporate Risk Profile (CRP), which comprises an element of WD's risk management framework and is the formal mechanism to identify and mitigate both internal and external risks and opportunities.

Risks identified in the department's CRP include the following:

- The risk that WD will be unable to complete the implementation of EAP programs given the existing level of resources and timelines.
- Due to limited performance results information, WD may be unable to measure and demonstrate progress in advancing its mandate.
- WD may be unable to retain and develop staff recruited as part of Public Service Renewal efforts.

WD has developed mitigation strategies to respond to these risks, including the following:

- ensuring that resources are targeted to high-risk projects for monitoring and payments;
- evaluating the current performance indicators and Performance Measurement Framework;
- enhancing employee learning and development as well as succession planning.

## 1.7 Expenditure Profile

To further the development and diversification of the western Canadian economy, WD's planned spending is \$195.5 million in 2011–12, compared to 2010–11 forecast spending of \$461.5 million. The \$266 million decrease is due to the conclusion of funding for the following programs and initiatives as well as cash flow variations.

Completion of programs:

- \$252.3 million decrease related to the completion of the CAF, the RInC program and the Calgary Stampede – Western Legacy Project, under Canada's EAP;
- \$10.2 million decrease for the completion of the International Vaccine Centre's Biosafety Level III Containment Facility in Saskatoon;
- \$7.7 million decrease related to the completion of the Mountain Pine Beetle – Community Economic Diversification Initiative.

Normal cash flow variations:

- \$9.8 million increase from 2010–11 to complete projects under the Alberta and Saskatchewan Centenaries funding;
- \$6.2 million decrease from 2010–11, including adjustment to WD's revenue collections target and personnel as well as operational funding for the delivery of infrastructure programming.

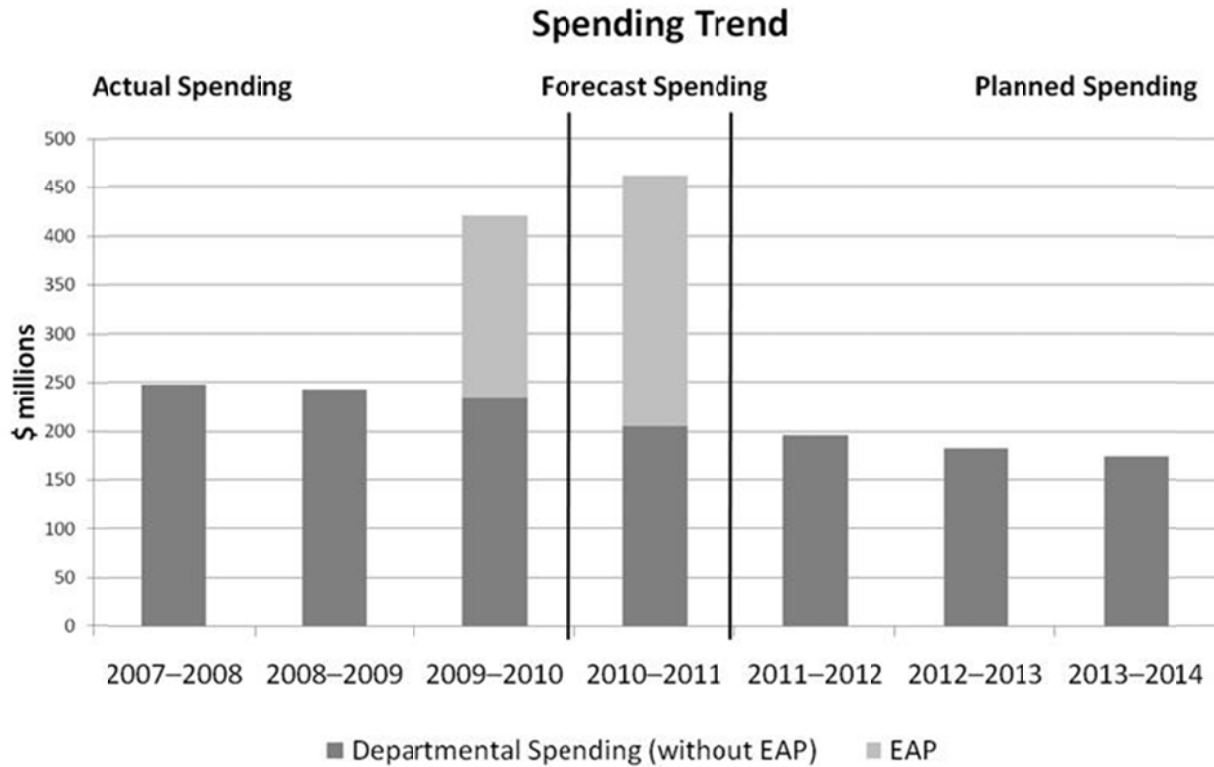
The department's planned spending is at approximately the same level for the next two fiscal years, specifically \$182.6 million for 2012–13 and \$174.3 million for 2013–14.

The \$21.2 million decrease in funding between 2011–12 and 2013–14 relates primarily to the conclusion of two initiatives: the Alberta and Saskatchewan Centenaries (\$16.2 million) and the Rick Hansen Foundation (\$4.5 million).

(\$ millions)

Departmental Spending	Actual Spending 2007–08	Actual Spending 2008–09	Actual Spending 2009–10	Forecast Spending 2010–11	Planned Spending 2011–12	Planned Spending 2012–13	Planned Spending 2013–14
Without EAP	247.2	242.2	234.3	205.1	195.5	182.6	174.3
EAP	0	0	187	256.4	0 <sup>24</sup>	0	0
Total	247.2	242.2	421.3	461.5	195.5	182.6	174.3

<sup>24</sup> This does not include \$23 million in planned spending for the RInC program extended to October 31, 2011, under Canada's EAP.



## 1.8 Estimates by Vote

For information on WD’s organizational votes, refer to the *2011–2012 Main Estimates* publication. An electronic version of the Main Estimates is available at <<http://www.tbs-sct.gc.ca/est-pre/20112012/me-bpd/toc-tdm-eng.asp>>.

## Section II: Analysis of Program Activities by Strategic Outcome

### 2.1 Strategic Outcome: The western Canadian economy is developed and diversified

Western Economic Diversification Canada (WD) works to develop and diversify the economy, contributing to productivity and Gross Domestic Product (GDP) growth in the West, helping to build companies that are innovative and competitive in the global marketplace and reducing the region's dependence on primary industries.

WD's strategic outcome is advanced through the following [program activities](#):<sup>25</sup>

- **Business Development:** Strong small and medium-sized enterprises (SMEs) in Western Canada with improved capacity to remain competitive in the global marketplace;
- **Innovation:** A strong knowledge-based economy;
- **Community Economic Development:** Communities have increased economic opportunities and capacity to respond to challenges and investments in public infrastructure;
- **Policy, Advocacy and Coordination:** Policies and programs that strengthen the western Canadian economy;
- **Internal Services:** Effective and efficient support for advancing the organization's strategic outcome.

---

<sup>25</sup> <http://www.tbs-sct.gc.ca/est-pre/20112012/me-bpd/toc-tdm-eng.asp>



## 2.1.1 Program Activity: Business Development

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2011–12		2012–13		2013–14	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
82	52,536	82	52,536	82	53,024

Expected Results	Performance Indicators	Targets
Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace	SME revenue (excluding non-employee)	\$322 million
	SME employment (excluding non-employee)	2.5 million
	Annual international trade: value of exports excluding primary production sectors	\$38.5 billion <sup>26</sup>

### Program Activity Summary

WD works with industry, non-profit and research organizations to enhance business productivity, assist SMEs in developing new and innovative products and services for the global marketplace, increase the penetration of western Canadian technologies, services and value-added products into international markets, attract foreign direct investment and improve access to capital. Through this program activity, WD also collaborates with other stakeholders such as provincial governments and non-profit organizations to provide business programs and services to entrepreneurs and SMEs.

This program activity includes business productivity and competitiveness as well as trade and investment, departmental priority areas that are described in Section I.

### Planning Highlights

WD plans to undertake the following business development activities in 2011–12:

- supporting initiatives directed at SMEs to improve business processes, accelerate product development, adopt best practices, create business networks and improve access to skilled labour;
- providing business information and services for SMEs in both rural and urban areas through the [Western Canada Business Service Network](#);<sup>27</sup>
- assisting western Canadian companies to access federal procurement and industrial regional benefits opportunities;
- strengthening SME engagement in international markets;

<sup>26</sup> The amount represents a 10-percent growth.

<sup>27</sup> <http://www.wd.gc.ca/eng/99.asp>

- supporting the development and marketing of key trade assets in Western Canada such as gateways and corridors;
- building awareness of Western Canada as a competitive investment destination.

## Benefits for Canadians

WD's business development activities will result in SMEs that are strong, productive and competitive, the creation and expansion of firms, job creation as well as an increase in export opportunities for SMEs and foreign investment in Western Canada. These activities will contribute to long-term economic growth and prosperity for Canadians.

### 2.1.2 Program Activity: Innovation



Human Resources (FTEs) and Planned Spending (\$ thousands)					
2011–12		2012–13		2013–14	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
62	69,169	62	69,169	62	64,406

Expected Results	Performance Indicators	Targets
A stronger knowledge-based economy	Total income from the commercialization of intellectual property	\$20.4 million <sup>28</sup>
	Business Expenditures on Research and Development (BERD) as a percentage of Gross Domestic Product	0.55%
	Employment in natural and applied science and related occupations as a percentage of total employment	6.5%

### Program Activity Summary

Innovation is a key driver of economic growth and development. WD works with universities, research institutes, other federal departments, provincial governments as well as industry associations and consortia to strengthen the western Canadian innovation system by building technology linkages and by supporting technology adoption and commercialization, R&D, community innovation, technology skills development and knowledge infrastructure.

Technology commercialization is a key component of this program area and is one of WD's operational priorities described in Section I.

<sup>28</sup> The amount represents a 7.3-percent growth over the three-year average.

## Planning Highlights

WD plans to undertake the following innovation activities in 2011–12:



- investing in initiatives that support market-driven technology adoption and commercialization;
- supporting initiatives that focus on the creation and growth of knowledge-based firms;
- creating effective linkages between players in the innovation system to facilitate the commercialization of technologies into new products and services;
- continuing to collaborate with western provincial governments to invest in joint innovation priorities;
- investing in knowledge infrastructure and equipment to support R&D and innovation in strategic sectors.

## Benefits for Canadians

WD investments in innovation will result in increased R&D performed in Western Canada, new infrastructure to support innovation and technology commercialization, an increase in the number of technologies and products commercialized in the West, an increase in skilled personnel engaged in R&D and new private sector investment in R&D and technology commercialization. Strengthening Western Canada's capacity to attract new investment and undertake R&D that leads to technology commercialization and innovation is important to competitiveness and prosperity and provides the foundation of a diversified, knowledge-based economy.

### 2.1.3 Program Activity: Community Economic Development

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2011–12		2012–13		2013–14	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
72	40,042 <sup>29</sup>	69	27,105	68	23,105

Expected Results	Performance Indicators	Targets
Communities have increased economic opportunities and capacity to respond to challenges, as well as the necessary investments in public infrastructure	Employment: number of new jobs created	39,000
	Percentage of key informants with the opinion that WD delivery of infrastructure programs resulted in investments that reflect western Canadian infrastructure priorities	50%

<sup>29</sup> This does not include \$23 million in planned spending for the RInC program extended to October 31, 2011, under Canada's EAP.

## Program Activity Summary

WD undertakes community economic development initiatives that help urban and rural communities sustain or develop their economies and adjust to changing and challenging economic circumstances. This includes implementing federal economic adjustment programs and investing in public infrastructure.

## Planning Highlights

WD plans to undertake the following community economic development activities in 2011–12:

- completing the delivery of the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada (RInC) program, both part of Canada's Economic Action Plan (EAP), with a focus on ensuring the completion of projects and the quick and efficient processing of financial claims from clients (for more information, refer to section 2.1.6.);
- supporting community economic development services and activities;
- investing in initiatives that enhance Aboriginal participation in the economy;
- delivering [national infrastructure programs](#)<sup>30</sup> across the West on behalf of the Government of Canada.

## Benefits for Canadians

This program activity results in new business activity and job creation, increased viability and diversification of local economies and new investments in public infrastructure in communities. The development of strong and economically vibrant communities will better enable them to take advantage of new economic opportunities and respond to economic challenges.

---

<sup>30</sup> <http://www.wd.gc.ca/eng/16.asp#c>

## 2.1.4 Program Activity: Policy, Advocacy and Coordination

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2011–12		2012–13		2013–14	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
60	9,049	60	9,049	60	9,012

Expected Results	Performance Indicators	Targets
Policies and programs that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities provide policies and programs that support the economic development of Western Canada	(Not applicable <sup>31</sup> )
	Percentage of WD projects completed this fiscal year that successfully met or exceeded performance targets	85%

### Program Activity Summary

WD supports policy research and consultation to better understand issues facing the West, develops and implements strategies to ensure the consideration of western economic policy issues and priorities in the development of federal policies and programs as well as engages in activities that enhance collaboration and coordination of key stakeholders.

### Planning Highlights

WD plans to undertake the following policy, advocacy and coordination activities in 2011–12:

- representing western interests in the development of national policies and strategies;
- promoting the capabilities of western Canadian companies to national and international contractors with Industrial Regional Benefits obligations or other federal procurement opportunities;
- collaborating with key stakeholders and other federal organizations;
- supporting research that assists in the development of relevant policy options for Western Canada.


### Benefits for Canadians

This program activity contributes to national policies and programs that strengthen the western Canadian economy, better-coordinated economic development activities across the West and improved understanding of western Canadian economic issues, challenges, opportunities and

<sup>31</sup> This survey is conducted every five years, last completed in July 2009.

priorities. This creates a stronger western Canadian economy and economic benefits for all of Canada.

## 2.1.5 Program Activity: Internal Services




Human Resources (FTEs) and Planned Spending (\$ thousands)					
2011–12		2012–13		2013–14	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
131	24,734	131	24,711	131	24,711

### Program Activity Summary

Internal Services support WD's programs and other corporate responsibilities. This includes management and oversight services, communications services, human resources management services, financial management services, information management services, material services and travel and other administrative services.

### Planning Highlights

WD plans to undertake the following internal services activities in 2011–12:

- 
- continuing Public Service Renewal initiatives, with a focus on integrated business planning, strategic recruitment, employee development and workplace renewal;
  - evaluating current performance indicators and Performance Measurement Framework to ensure that WD is able to demonstrate and communicate its impact on the western Canadian economy and support evidence-based decision making;
  - improving and enhancing integration of project management and reporting systems to better respond to WD's needs;
  - establishing information management policies and procedures as well as improving the electronic storage of records;
  - contributing to the Greening Government Operations targets by reusing or recycling surplus electronic and electrical equipment, reducing printers and paper consumption as well as developing a green meeting guide (for more information, refer to [WD's Greening Government Operations table](#)<sup>32</sup>);
  - implementing its 2011–16 Investment Plan to comply with Treasury Board policy on Investment Planning and the Management of Projects.

<sup>32</sup> <http://www.tbs-sct.gc.ca/rpp/2011-2012/info/info-eng.asp>

## 2.1.6 Canada's Economic Action Plan Activities

### Activity Summary

Budget 2009 provided resources to WD to deliver EAP programs in the West to provide timely, targeted and temporary economic stimulus for communities to mitigate the impacts of the economic downturn. The RInC program and the top-up funding delivered through the Building Canada Fund,<sup>33</sup> which originally ended March 31, 2011, have been extended to October 31, 2011, to allow for the successful conclusion of approved projects.

The RInC program is forecast to create or maintain approximately 3,000 jobs and almost 1,400 new and improved local infrastructure components over the life of the program. Of these, 652 jobs and 301 infrastructure components are expected to be created or maintained during the remaining seven months of the program in 2011–12. This represents \$69 million in total infrastructure spending by all parties, including federal, provincial and municipal governments and non-governmental organizations. It is anticipated that WD will meet or exceed these targets.

### Planning Highlights

WD plans to undertake the following EAP activities in 2011–12:

- ensuring the payment of committed funds to recipients for costs incurred by October 31, 2011;
- ensuring that approved projects are meeting timelines and that performance indicators are reported in a timely and accurate manner;
- working with clients to maximize the impact and results of investments and ensuring effective communication of these results to the public.

### Benefits for Canadians

WD's investments in the RInC program will create new jobs and provide stimulus for communities across Canada, contributing to communities that are more viable and providing a legacy of long-term economic and recreational infrastructure.

---

<sup>33</sup> WD delivers the Building Canada Fund across the West on behalf of Infrastructure Canada. More details are included in the *Report on Plans and Priorities* for Infrastructure Canada.

## Section III: Supplementary Information

### 3.1 Financial Highlights

The future-oriented financial highlights presented in the table below serve as a general overview of Western Economic Diversification Canada's (WD's) financial operations. This financial information is prepared on an accrual basis to strengthen accountability and improve transparency and financial management. For the complete set of future-oriented financial statements, visit WD's [Web site](#).<sup>34</sup>

#### Future-oriented Condensed Statement of Operations

For the Year Ending March 31

(\$ thousands)

	Future-oriented 2011-12
Expenses	\$ 202,728
Total Expenses	<u>202,728</u>
Revenues	3,434
Total revenues	<u>3,434</u>
<b>Net cost of operations</b>	<u><u>\$ 199,294</u></u>

Note: Figures will vary from other tables referenced in the report as the Statement of Operations includes accruals.

---

<sup>34</sup> <http://www.wd.gc.ca/eng/59.asp>



## 3.2 Supplementary Information Tables

The following tables regarding electronic supplementary information found in the *2011–2012 Report on Plans and Priorities* are available on the Treasury Board of Canada Secretariat's [Web site](#).<sup>35</sup>

- Details on Transfer Payment Programs
- Up-Front Multi-Year Funding
- Greening Government Operations
- Horizontal Initiatives
- Upcoming Internal Audits and Evaluations over the next three fiscal years
- Sources of Respendable and Non-Respendable Revenue

---

<sup>35</sup> <http://www.tbs-sct.gc.ca/rpp/2011-2012/info/info-eng.asp>

## Section IV: Other Items of Interest

### 4.1 Corporate Business Plan

Western Economic Diversification Canada's (WD's) [Corporate Business Plan](#)<sup>36</sup> for the three-year planning period beginning in 2011–12 will be available on WD's Web site in 2011. The Corporate Business Plan integrates business planning, human resources planning and risk management to ensure that WD continues to advance the department's strategic outcome and priorities.

### 4.2 Section 41, *Official Languages Act*

In 2011–12, WD will continue to work with other federal organizations to deliver the [Economic Development Initiative](#)<sup>37</sup> as part of the [Roadmap for Canada's Linguistic Duality 2008–2013: Acting for the Future](#).<sup>38</sup> WD undertakes measures through its Results-Based Action Plan for the Implementation of Section 41 of the *Official Languages Act* to enhance the vitality of western Canadian francophone Official Language Minority Communities, to support and assist them in their development and to foster the full recognition and use of both English and French in Canadian society. (For more information, refer to [Reports on the Implementation of Section 41 of the Official Languages Act](#).<sup>39</sup>)



### 4.3 Sustainable Development Strategy



Based on the [Federal Sustainable Development Strategy](#),<sup>40</sup> WD commits to considering projects aimed at commercialization and adoption of clean energy and water technologies, striving to reach the Greening Government Operations goals and targets as well as utilizing Strategic Environmental Assessments in departmental decision making involving policies, plans and program proposals. (For more information, refer to WD's [Sustainable Development Strategy Web site](#).<sup>41</sup>)



### 4.4 Strategic Planning Framework for 2011–12

The Framework on the following page depicts the logical relationship between WD's strategic outcome and its program activities. It also demonstrates how WD's 2011–12 priorities contribute to achieving the department's strategic outcome and how WD contributes to Government of Canada outcome areas.

---

<sup>36</sup> <http://www.wd.gc.ca/eng/59.asp>

<sup>37</sup> <http://www.wd.gc.ca/eng/11564.asp>

<sup>38</sup> <http://www.canadianheritage.gc.ca/pgm/slo-ols/pubs/08-13-ldl/08-13-ldl-eng.pdf>

<sup>39</sup> <http://www.wd.gc.ca/eng/10885.asp>

<sup>40</sup> <http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1>

<sup>41</sup> <http://www.wd.gc.ca/eng/9512.asp>



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

# Strategic Planning Framework 2011-2012

## Government of Canada Outcome Areas

Strong Economic Growth

An Innovative and Knowledge-Based Economy

*How WD contributes to a stronger Canada*

### WD Mandate

*To promote the development and diversification of the western Canadian economy, coordinate federal economic activities in the West, and reflect western Canadian interests in national decision-making*

### WD Vision

*To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities*

## Our 2011-2012 Priorities

Technology  
Commercialization

Trade & Investment

Business Productivity &  
Competitiveness

*These priorities will be WD's focus in 2011-2012 to achieve the following strategic outcome*

## Our Strategic Outcome

The western Canadian economy is developed and diversified

## Our Program Activities

### Business

#### Development

Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace

### Innovation

A stronger knowledge-based economy

### Community Economic Development

Communities have increased economic opportunities and capacity to respond to challenges, as well as the necessary investments in public infrastructure

### Policy, Advocacy and Coordination

Policies and programs that strengthen the western Canadian economy

### Internal Services

Effective and efficient support for the delivery of the organizational strategic outcome

## Our People

Making a difference

**A stronger West. A stronger Canada**

