



Western Economic Diversification Canada

Corporate Business Plan
2010-2011 to 2012-2013

MESSAGE FROM THE DEPUTY MINISTER



Daniel Watson

Deputy Minister, Western Economic
Diversification Canada

I am pleased to introduce the Corporate Business Plan for Western Economic Diversification Canada (WD) for the planning period from 2010-2011 to 2012-2013.

WD's mission is to help western Canadians create a strong, competitive and innovative economy. To achieve this, WD focuses on five core program activities: business development; innovation; community economic development; policy, advocacy and coordination; and internal services. The department's strategic direction is aligned with the federal priorities of strong economic growth and an innovative and knowledge-based economy, and supports federal directions outlined by the Government of Canada in major policy statements such as Advantage Canada and the Science and Technology Strategy. In the Corporate Business Plan, the department has set out its plan to allocate resources to pursue program and management priorities that will produce real results for Canadians, deliver on Government of Canada priorities and ensure accountability.

In addition to our ongoing priorities set out in the Corporate Business Plan, a key focus of WD's activities in 2010-2011 will be to continue to implement the Community Adjustment Fund (CAF) and Recreational Infrastructure Canada (RInC) programs delivered by the department in Western Canada as part of the Government of Canada's two-year Economic Action Plan (CEAP). Over the past year, WD has reviewed and assessed over 3000 proposals for funding under these programs, resulting in more than 1000 project approvals and the commitment of almost all program funding by March 31, 2010. WD must continue the excellence it demonstrated over the past year in the delivery of these programs by turning our focus in the current year to ensuring the efficient and accountable administration of projects and expenditures to meet the CEAP completion date of March 31, 2011.

Over the course of 2010-2011, WD will also be leading a number of important reviews related to our programs and management processes. These include the strategic and administrative reviews announced as part of Budget 2010; internal departmental assessments that I have initiated to ensure that our governance structures promote sound decision-making; an assessment of our messaging on key western Canadian issues to ensure that it is consistent and reflects the needs of Western Canada; and an examination of our presence and impact on Ottawa policy and decision-making centres so that it is strategic, timely and effective.

Throughout more than 20 years of service to Western Canada, WD has become known for the innovation, creativity and resourcefulness of its staff – one of our most valuable resources. We will continue to recruit and work to retain the best and brightest talent, providing them with the learning and development opportunities and the tools necessary to excel and deliver results that benefit the West.

We are building a stronger West for a stronger Canada.

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INTRODUCTION

This Corporate Business Plan outlines Western Economic Diversification Canada's (WD) strategic outcome, priorities, program activities and expected performance objectives as set out in WD's annual *Report on Plans and Priorities for 2010-2011*.

It also describes critical functions such as human resource and information management that will provide the foundation for meeting the department's priorities. Business plans for each of the regional offices and corporate branches complement this high-level document to provide a complete picture of the work and priorities in support of WD's mandate. By promoting the development and diversification of the western Canadian economy, coordinating federal economic activities in the West and reflecting western Canadian interests in national decision-making, the department will contribute to a western Canadian economy that is competitive, expanded and diversified.

Central to the business plan are "Key Priorities" on which WD will focus to fulfill its mandate and support Government of Canada priorities. Program priorities are areas of focus for the department's external business activities. Management priorities are internal organizational supports that ensure accountability, sustainability and effectiveness.

To provide a complete picture of upcoming departmental plans, the business plan concludes with an overview of internal services that includes governance and decision-making bodies, corporate functions and services and other organizational priorities.



ABOUT WESTERN ECONOMIC DIVERSIFICATION CANADA

Who we are

What we do

WHO WE ARE

Western Economic Diversification Canada (WD) was established in 1987 as a federal regional development agency¹ with a broad economic development and diversification, coordination and advocacy mandate: “to promote the development and diversification of the economy in Western Canada and to advance the interests of Western Canada in national economic policy, program and project development and implementation” (*Western Economic Diversification Act, 1987*). The department also delivers national programs in western Canada on behalf of the federal government.

The Deputy Minister and the department’s headquarters are located in Edmonton. Regional offices in Vancouver, Edmonton, Saskatoon and Winnipeg, and a Policy and Strategic Direction sector in Ottawa, are each led by an Assistant Deputy Minister. The department also has an office in Calgary.

Departmental priorities and programs are developed for the department as a whole, with regional offices tailoring those priorities and programs to regional needs. Program budgets and decision-making for most projects are managed by each of WD’s four western regional offices. Pan-western projects are funded through a corporate process and allocation.

WD’s 474 employees have a diverse set of skills and experience and a comprehensive understanding of western issues. They are professionals who work with businesses, communities, organizations and other governments to deliver WD’s programs and services to western Canadians and to advocate for western Canadian interests in Ottawa.



¹ Other federal regional development agencies are the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Federal Economic Development Initiative in Northern Ontario (part of Industry Canada), Federal Economic Development Agency for Southern Ontario and Canadian Northern Economic Development Agency.

WHAT WE DO

WD's broad and flexible mandate allows the department to respond quickly to federal priorities, bring leadership and coordination to the federal agenda in western Canada and complement other government programs.

WD delivers its mandate primarily through a range of grants and contribution programs which account for a significant level of the department's activity and resources. WD programs are flexible and respond to the needs of clients and stakeholders.

The department's approach to regional and economic development is to create and maximize opportunities for growth and development and to address disparities experienced by communities, small businesses and individuals who lack access to business services, programs and financing that prevent their full participation in the economy. WD funding is largely provided to not-for-profit organizations in support of projects and activities that are widely accessible and have systemic benefits.

WD's business services and programs, including repayable loans to small and medium-sized enterprises (SMEs), are delivered by third parties on the basis of contractual arrangements that include specific performance reporting and audit provisions. Through the Western Canada Business Services Network (consisting of 90 Community

Futures organizations, four Women's Enterprise Centres, four Francophone Economic Development Organizations and four Canada Business service centres), WD's assistance has helped SMEs in Western Canada to flourish.

WD works with and provides funding for community and business organizations, researchers and academics, business leaders, and other governments to commercialize research and technology, expand trade and investment, and enhance business productivity and competitiveness. The department has spearheaded initiatives to foster industry collaboration and improve access to business services for entrepreneurs, encouraging the creation and growth of new businesses. This has strengthened innovation by improving research infrastructure at western universities and research centres. WD continues to work with partners and stakeholders throughout the West's four provinces to expand economic opportunities, renew infrastructure, build greater capacity to respond to economic challenges and bolster the economic recovery of western communities facing economic challenges.



OUR OPERATING CONTEXT

The Global Environment

The Western Canadian
Economic Environment

Western Canada's
Economic Outlook

Program-Related
Challenges and
Opportunities

Financial and Human
Resources

THE GLOBAL ENVIRONMENT

The global economy is gradually recovering from a severe recession and financial crisis. Due to unprecedented monetary and fiscal stimulus applied around the world, financial markets are performing better than expected, consumer confidence while still weak is starting to recover and economic growth in some parts of the industrialized world is returning. At the same time, optimistic forecasts for economic recovery are being tempered by the negative fiscal effect of large national debts worldwide accumulated during the recession in efforts to stimulate economic recovery.

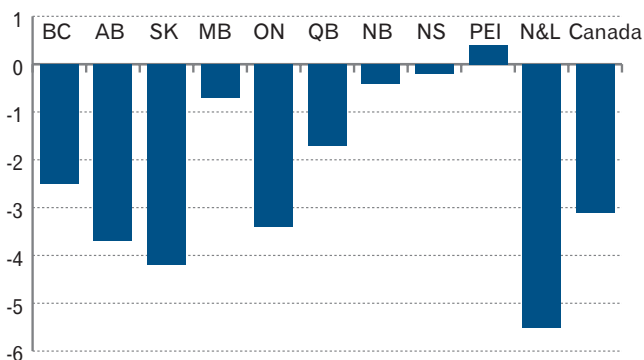
In Canada, the outlook for recovery remains positive and the economy is poised to recover more quickly than other Organization for Economic Cooperation and Development countries. This has been attributed to a sound financial sector, decisive action taken to stimulate the economy, both monetarily and fiscally, a recovering US economy and strengthening global commodity markets.

THE WESTERN CANADIAN ECONOMIC ENVIRONMENT

Economic growth in western Canada has led most of the nation over the past several years. In 2008, the West's share of Canada's total economic output exceeded 37 per cent, and surpassed the economic output of Ontario. International comparisons show the West's output ranks as the 18th largest economy in the world, after the Netherlands and Turkey, but ahead of countries such as Poland and Sweden. Economic activity has been largely driven by growth in a handful of industries, including mining, oil and gas, construction, and real estate development.

During 2009, western Canada was not immune to the worldwide economic slowdown. As a region, real Gross Domestic Product (GDP) fell by 2.8 per cent, compared to 3.1 per cent for Canada as a whole. In the west, Manitoba's economy proved to be one of the most resilient, falling by 0.7 per cent. Saskatchewan's economy was hit the hardest, falling by 4.2 per cent, followed by Alberta at 3.7 per cent and British Columbia at 2.5 per cent (Chart 1).

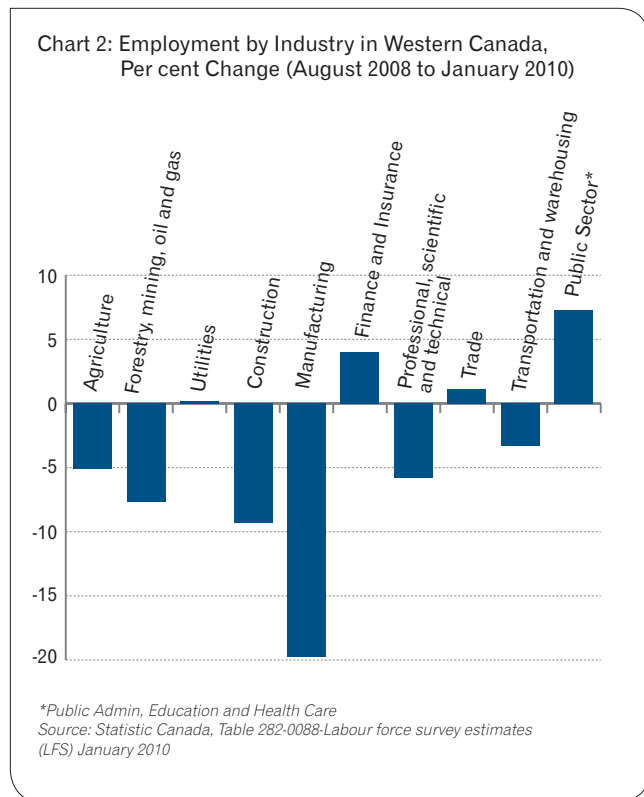
Chart 1: Real GDP Growth, 2009



Source: Conference Board of Canada, Provincial Outlook Executive Summary: Winter 2010



The downturn in the West was attributable largely to a decline in commodity prices, as demand for key resources such as oil and gas, potash and lumber had fallen dramatically, due primarily to a faltering US economy. This was reflected in international trade numbers, which saw exports for western Canadian products drop considerably, especially to the US, the destination of approximately 70 per cent of the West's exports. This has had a considerable impact on provincial economies, as exports represent

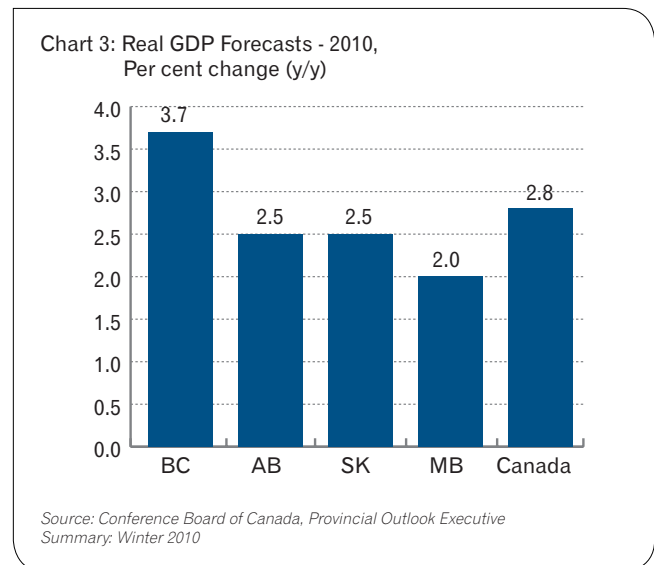


a significant share of GDP for the western provinces (British Columbia 29.8 per cent; Alberta 36.6 per cent; Saskatchewan 40.2 per cent; and Manitoba 30.8 per cent).

The fall in demand for commodities had a significant impact on all sectors. While GDP originating from primary industries, such as agriculture, forestry, mining and oil and gas, ranges from 6 and 7 per cent in British Columbia and Manitoba, to 24 and 26 per cent in Alberta and Saskatchewan (compared with the average for Canada of 7 per cent), the labour force survey reveals the extent to which the resource economy is integrated with the service sector economy. Not only did employment in the primary sectors fall from its peak in August 2008, other sectors such as manufacturing and construction fell by 19.8 per cent and 9.3 per cent, respectively (Chart 2).

WESTERN CANADA'S ECONOMIC OUTLOOK

According to public and private sector forecasts, the economy of the western provinces will gradually recover in 2010. Public and private sector forecasters call for Canada's economy to grow between 2.3 and 2.8 per cent. The GDP growth forecast in the four western provinces ranges from 2.0 per cent to 3.7 per cent and is shown in Chart 3.



Employment in the West is expected to increase by 1 per cent or 65,000 jobs in 2010, led by British Columbia with 38,000 new jobs. Employment gains in the West are expected to be in the construction and service sectors, which will help the region maintain an unemployment rate below national average. Growth in employment is expected to boost consumer confidence and as a result, retail sales in western Canada are expected to rebound in 2010 and grow at much the same pace as the rest of Canada.

Confidence is also growing in the resource sector. The early stages of economic recovery around the globe are translating into increased demand for oil and gas, minerals and potash. Prices are also beginning to rebound for copper, potash, and lumber.

A potential impediment to this year's growth may be the high value of the Canadian dollar relative to the US dollar. Private sector economists are calling for the Canadian dollar to hit parity with the US dollar in 2010. This could hurt exports and dampen the boost that the western Canadian economy has received from recent price increases for commodities.

British Columbia's economy, which is expected to grow by 3.7 per cent in 2010 – the strongest in Canada – has been kick-started by the economic activity related to the Olympic Winter Games. Further, a rebound in the domestic and US housing sector is a positive sign for British Columbia's forestry industry.

A slow but steady recovery for the Alberta economy is expected. GDP is predicted to increase by 2.5 per cent. Consumer demand is expected to return. Recent announcements to restart formerly postponed oil sands projects are expected to support a rebound in employment over the next few years.

Saskatchewan will benefit from fiscal stimulus, recovery in resource prices for key commodities of potash and natural gas and steady employment growth. GDP is expected to increase by 2.5 per cent.

Manitoba is expected to grow by 2.0 per cent in 2010. Manufacturing, central to the province's economy, is expected to benefit from a steady flow of repair and refurbishing contracts in its aerospace sector.

PROGRAM-RELATED CHALLENGES AND OPPORTUNITIES

As part of its planning and priority setting process, Western Economic Diversification Canada (WD) identifies and analyzes key challenges and opportunities facing the department. These challenges and opportunities have been summarized most recently in the department's 2009 corporate risk profile.

WD is considered a valuable partner in Western Canada. It has a reputation of being able to tailor its programs to support regional needs. Its partnerships with business and community organizations, third-party delivery partners, academic institutions and other orders of government are well-established. The breadth and depth of experience of staff makes WD a valuable partner and agent of the federal government in the West. WD will continue to build on its strengths and capitalize on opportunities to develop a more diversified, knowledge-based economy, increase the standard of living across the West and improve economic growth and innovation.

WD's success is largely dependent on its ability to maintain strong relationships with partners. Given the uncertainty of the current economic climate and the uncertain fiscal capacity of some of our partners going forward, it is more important than ever to work closely with our partners to leverage available resources to support WD priorities.

Governments face challenges in ensuring that their programs are relevant and timely. WD has selected three program priorities intended to exploit opportunities and address new challenges as the economy emerges from the global economic downturn: technology commercialization, trade and investment, and business productivity and competitiveness.

As part of Canada's Economic Action Plan (CEAP), WD was called on to deliver two high-profile economic stimulus programs: Community Adjustment Fund (CAF) and Recreational Infrastructure Canada (RIInC). These new, two-year programs (2009-2010 and 2010-2011) have provided new opportunities for the department including process improvements, an influx of new staff, new assignments for WD staff, and a host of new ideas and partnerships built with communities and businesses. While WD will continue to capitalize on these opportunities, the department will also have to deal with the challenges associated with the speed in which these programs need to be delivered, the restrictions on reprofiling funds associated with the programs and the wind down of the programs.

Fiscal constraints will impact WD's grants and contributions programs and resources. The Government of Canada is addressing significant fiscal pressures with the deficit estimated at \$50 billion and is committed to controlling government spending. In 2010-2011, the department will undertake several exercises to analyse and assess programs and evaluate its service delivery models.

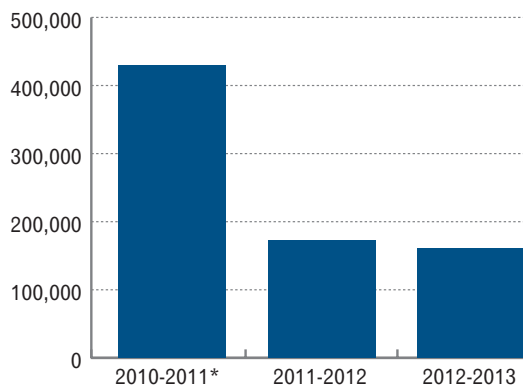
WD faces additional challenges in the years ahead: continuing to demonstrate results and value for money spent; renewing a skilled workforce in what is expected to become an increasingly competitive labour market; and ensuring that its operations and decision-making are efficient and effective. WD will respond to these challenges by placing a priority on performance measurement, public service renewal, integrated risk management, and information management.

FINANCIAL AND HUMAN RESOURCES

Financial Resources

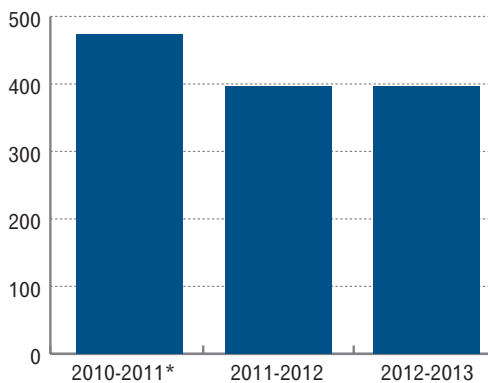
WD plans to spend \$429.0 million in 2010-2011 to fulfill its core mandate and meet its objectives in delivering the western component of CAF and RInC under CEAP. Financial and human resources will decrease after 2010-2011 when the funding received under the CEAP (\$245.0 million) ends (see Charts 4 and 5). A more detailed expenditure profile is provided in the *2010-2011 Report on Plans and Priorities*.

Chart 4: Planned Spending, (\$ thousands)



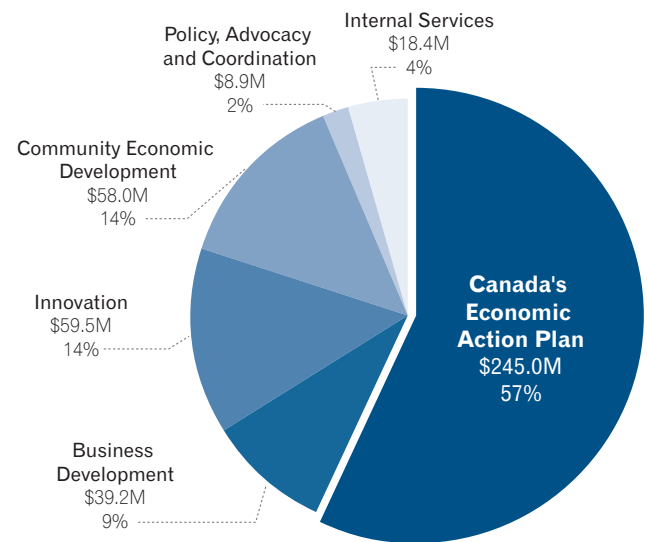
*Over half of the planned spending is attributed to the CEAP.

Chart 5: Staffing, (Full-time equivalents)



*Almost 20% of total staff is attributable to the CEAP.

Chart 6: Planned Spending by Program Activity, 2010-2011

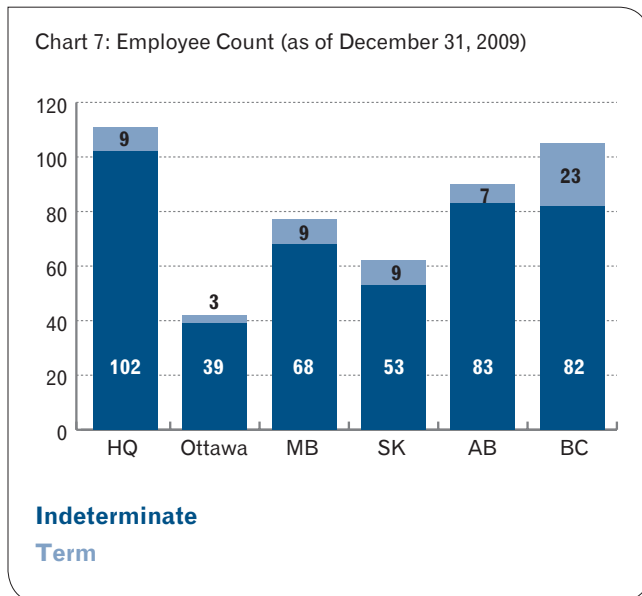


Note: Charts 4 and 6 do not include the following funding announced in Budget 2010: \$14.7 million for Western Diversification Program renewal, \$3.6 million for Community Future Program (Top-up), and \$4.5 million for the Rick Hansen Foundation

Human Resources

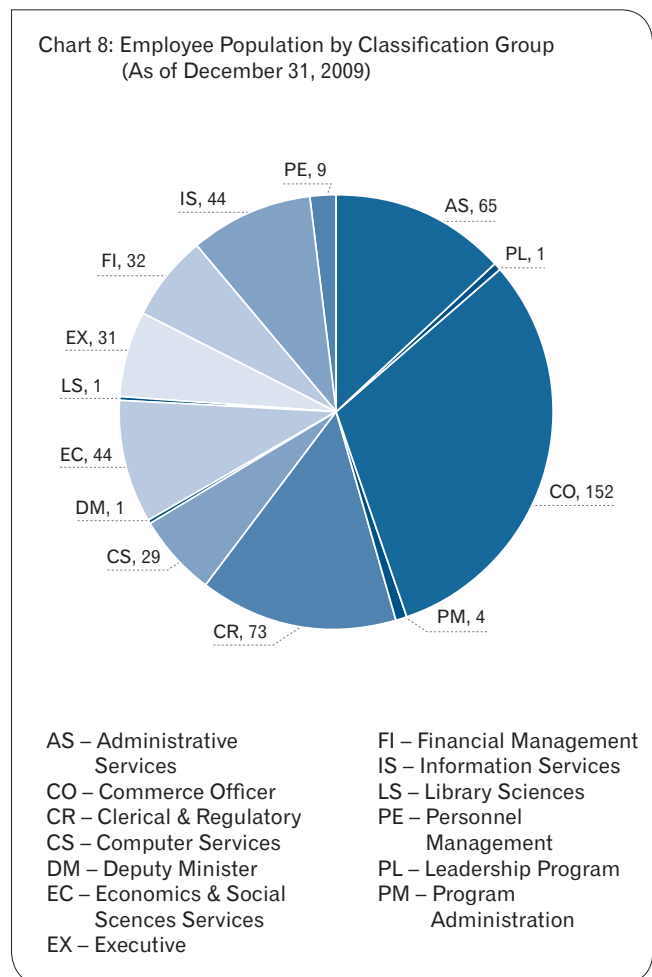
Competent, well-trained and motivated people will be key to achieving WD's strategic outcome.

A key ingredient of people management is effective human resource planning which requires an in-depth understanding of the department's current human resources situation and the state of its people management.

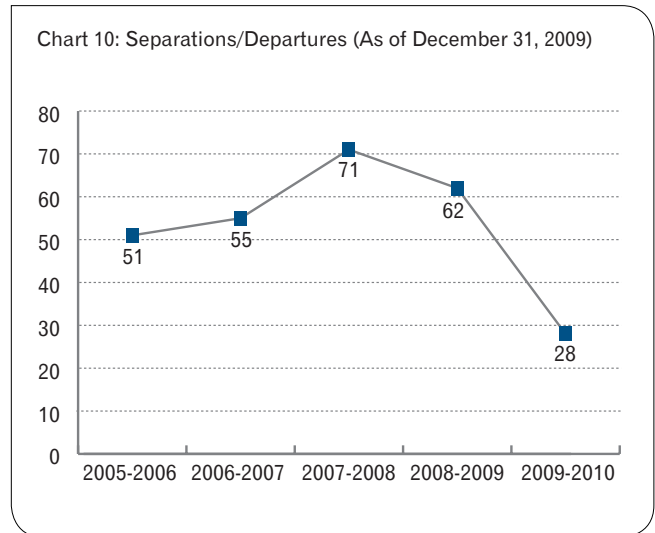
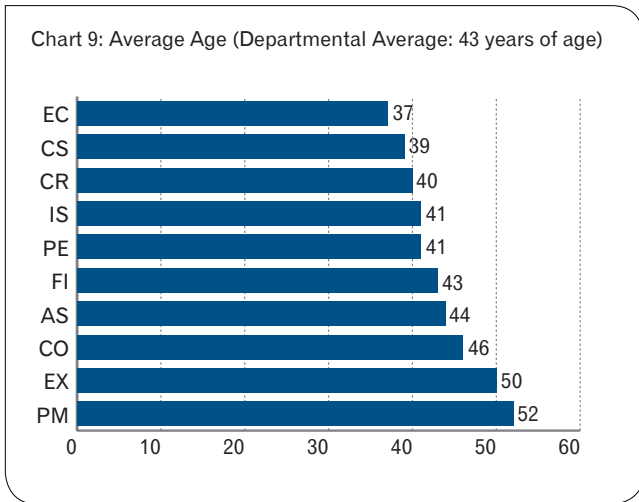


The planned human resources complement of 474 full-time equivalents for 2010-2011 is projected to decrease by 16 per cent in 2011-2012 with the conclusion of funding received under CEAP. The department anticipated this reduction in the number of employees because of the limited timeframe for CEAP, and most CEAP staff was hired on a term basis or through secondments or assignments. Regional and corporate offices will be developing specific strategies to manage their own staffing reductions and transitions.

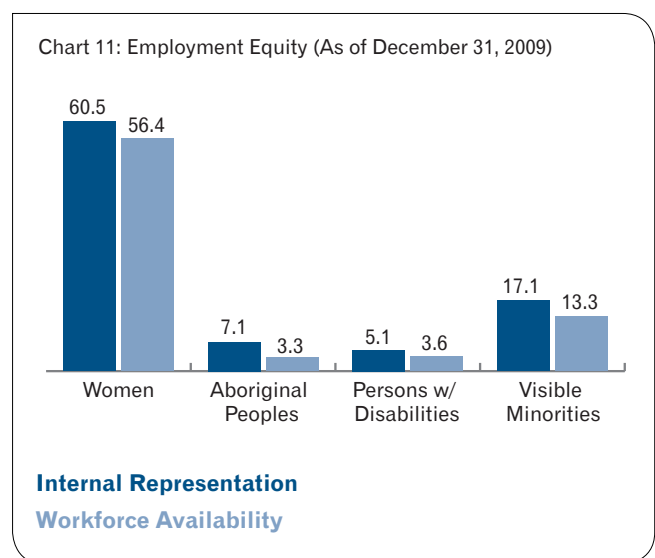
Three key risk areas have been identified that threaten WD's ability to achieve its people management and public service renewal objectives: aging workforce, high turnover and recruitment shortfalls.



WD's workforce, like that of many other federal departments, is aging. Three occupational groups in particular are at greatest risk and for them knowledge transfer and succession planning is important. This includes Commerce Officers (CO), the executive group (EX) and the senior Personnel Management (PE) group, with average ages greater than the department average of 43 years (Chart 9).



A high turnover rate in the Economics and Social Science Services (EC), Financial Management (FI) and Administrative and Clerical groups (CR) (particularly in the Policy and Strategic Direction sector and Finance and Corporate Management branch) can jeopardize WD's commitment to excellence in people management, as can recruitment shortfalls in the Computer Science (CS), Commerce Officers (CO) and Administrative Services (AS) groups, particularly in regards to official language capacity and employment equity representation.



Specific strategies focused on planning, recruitment, employee development and enabling infrastructure for these risk factors are as follows:

| Risk Factors | Occupational Groups at Risk | Strategy |
|------------------------|---|--|
| Aging Workforce | Executive Services (EX) Commerce Officers (CO) Senior Human Resources (PE) | <ul style="list-style-type: none"> • Integrated succession planning, learning and performance management processes for "at risk" positions minimizes risks of aging workforce. • Developmental official language training supports succession planning. • Active management of leadership development for Executives and feeder groups ensures development and retention. • Knowledge transfer initiatives provide for employee development and retention of expertise in critical business areas. |
| High turnover rate | Economics and Social Science Services (EC) Financial Management (FI) Clerical and Administrative Services (CR and AS) | <ul style="list-style-type: none"> • Regional and branch business plans address training and skills development and employment equity considerations. • Minimize staffing shortages in specific occupational groups. • Ongoing employee engagement addresses workplace issues - achieved through town halls, Public Service Employee Survey action plans and ongoing labour management consultations and meetings. • Focused job enrichment activity strengthens the WD Brand through internal and external outreach and partnerships such mentoring, job shadowing, and Federal Council initiatives and programs. |
| Recruitment shortfalls | Computer Science (CS) Commerce Officers (CO) Administrative Services (AS) | <ul style="list-style-type: none"> • Strategic external employment opportunities for new professionals that reflects official language and employment equity objectives. • Internal employment opportunities for experienced professionals. |



KEY PRIORITIES

Program Priorities

Management Priorities

This section describes the department's program and management priorities, explaining why they are priorities, their alignment with the Government of Canada priorities, how Western Economic Diversification Canada (WD) will meet these priorities, the risks of not having such priorities and the expected impact on western Canadians. This section also includes WD's work in delivering Canada's Economic Action Plan (CEAP). Although this was not formally recognized as a program priority in WD's *Report on Plans and Priorities*, it is expected to be a major area of focus for the department in 2010-2011.

In an effort to ensure WD's work is relevant and effective, these priorities were developed with consideration of economic conditions, Government of Canada priorities, western Canadian community and business needs and financial resources available.

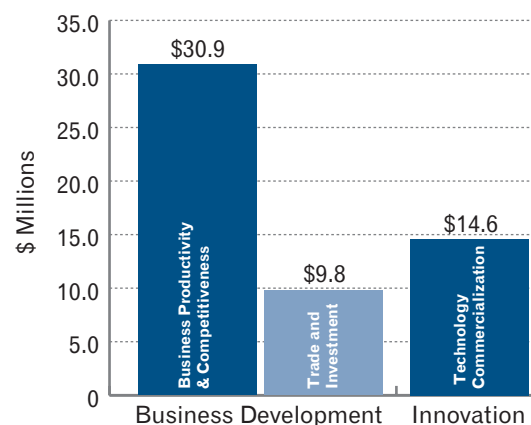
PROGRAM PRIORITIES²

The following are the three program priorities on which WD will focus its efforts to deliver on its mandate of promoting the development and diversification of the western Canadian economy:

- Technology Commercialization
- Trade and Investment
- Business Productivity and Competitiveness

The chart below outlines the planned spending for the three program priorities. (Planned grants and contributions spending for all programs and activities are provided in Annex A.)

Chart 12: Grants and Contributions by Priority, 2010 - 2011
(Excluding CEAP of \$230.3M)



² Note: Program Priorities are referred to in the 2010-2011 *Report on Plans and Priorities* as operational priorities.

In 2010-2011, grants and contributions spending is planned as follows: \$14.6 million for Technology Commercialization, \$9.8 million for Trade and Investment, and \$30.9 million for Business Productivity and Competitiveness.

WD's role in delivering the western component of the Community Adjustment Fund (CAF) and Recreational Infrastructure Canada (RIInC) under CEAP is also included in this section given its importance to the department in 2010-2011.

Technology Commercialization

Technology commercialization is about converting knowledge and technology into commercial opportunities. WD has chosen this as a priority because it is recognized that new knowledge-based products, services or processes can contribute towards a more diversified economy in western Canada. Technology can also improve western Canadians' standard of living by increasing business productivity and competitiveness. Typically, innovative firms outperform their counterparts with better productivity performance and improved competitiveness. In the West, business and government expenditures on research and development as a share of Gross Domestic Product (GDP) are low, thus impairing the ability to turn knowledge into new and improved goods and services. Innovation is a critical component of competitiveness.

DID YOU KNOW?

Over the last 10 years, a number of research organizations and firms have made use of Alberta's NanoFab facility, a nanotechnology fabrication centre developed with WD support under the National Institute of Nanotechnology Cluster initiative. Firms include University of Alberta spin-off companies Micralyne, BigBangwidth, Aurora NanoDevices Inc., and Telephotogenesis. To date, Aurora NanoDevices Inc. has become a supplier of high quality calibration systems for atomic force microscopy imaging with an international client base. Research organizations include TRILabs, the Alberta Research Council, and the National Research Council.

Converting knowledge to new products and processes will provide solutions to business, environmental, health and social challenges. WD's priority of technology commercialization aligns with the Government of Canada's [Science and Technology Strategy: Mobilizing Science and Technology to Canada's Advantage](#) particularly the Entrepreneurial Advantage, which focuses on translating knowledge to practical applications. There is also a link to [Advantage Canada](#) with respect to building a stronger Canadian economy and improving Canadians' quality of life.

Recognizing that technology commercialization occurs in a complex interrelated innovation system, WD will focus on strengthening linkages among elements and actors of the innovation system and on investing in key knowledge infrastructure, technology skills development and applied research and development. Key players include provincial and local governments, post-secondary education and research institutions, other federal departments and industry associations. Investments will be made in key technology sectors including health and related life sciences, information and communications technologies, and environmental technologies.

To ensure that this priority can be delivered in a timely manner, WD will continue to develop and retain qualified and competent employees. This will be done through knowledge transfer initiatives that support learning and development opportunities for employees to build capacity.

By continuing to support organizations that facilitate the commercialization of new technologies, WD expects an increase in deal flow and market-ready technologies. This will result in a greater number of new spin-off companies, attraction and increase of venture capital to new and existing firms, additional technology demonstrations, increases in sales of new products by firms to domestic and international markets and more advanced technology products and services in the marketplace.

Without WD's support of technology commercialization Western Canada could fall behind competitor regions and countries that are more focused on developing a knowledge-based economy.

Trade and Investment

Western Canada's future prosperity depends on its ability to open international markets and attract foreign direct investment, especially with such a small domestic market. Due to the global recession, western Canadian exporters have faced hardships, with exports from the region declining approximately 30 per cent in 2009. In order to recover from the economic downturn, western Canadian small and medium-sized exporters are now looking to regain market share in existing markets and to tap into new export opportunities in emerging economies such as the Asia-Pacific and Latin America regions. This will help to create jobs and spur economic growth in Western Canada.

DID YOU KNOW?

The Metro Vancouver Commerce partners developed the 2010 Partnership Investment Program with WD support to attract and engage a group of foreign investment decision-makers during the 2010 Olympic and Paralympic Winter Games. This program has since drawn the attention of 54 foreign investors, bringing together local innovators and investors who represent five strong sectors in BC – green enterprise, new media, life sciences and health, global business services and information and communication technology. (Expansion Solutions Magazine, March/April 2010 issue)

WD's priority of strengthening trade and investment also directly aligns with the [Global Commerce Strategy](#), [Advantage Canada](#) and the [National Policy Framework for Strategic Gateways and Corridors](#). Additionally, through CEAP, the Government of Canada has introduced specific measures to assist Canadian exporters to create jobs, modernize their operations, and better compete globally to take advantage of future economic opportunities.

WD plans to meet this priority by focusing its efforts on enhancing small and medium-sized enterprises (SMEs) participation in international business development, enhancing value-added opportunities connected to Western Canada's gateways and corridors and enhancing investment attraction. WD invests extensively in western innovation priorities and is engaged in trade and investment in order to maximize Western Canada's sciences and technology capabilities in global markets. Key players include the Department of Foreign Affairs and International Trade, Industry Canada, provincial and local governments and business associations.

By pursuing this priority, WD will help increase the volume and value of exports (excluding primary production sectors) by western SMEs, the number and percentage of western SMEs actively exporting, the level of foreign investment and awareness and utilization of Western Canada's gateways and corridors.

Knowledge transfer, employee training and development and succession planning are important to ensure that WD has the human resource capacity in trade and investment. An important training and development strategy is continuing to provide temporary duty assignments through the North American Platform Program.

The risk of not supporting trade and investment is foregone opportunities to help firms in Western Canada bounce back from the recession. Without WD's support in this area, Western Canada may lose ground in both existing and emerging international markets as the global economy improves.

Business Productivity and Competitiveness

Productivity growth and competitiveness are important sources of long-term economic growth and contribute to an increased standard of living for Canadians. Canada's current productivity lags behind the United States and most countries that are part of the Organization for Economic Co-operation and Development (OECD)³. The Council of Canadian Academies attributes this lagging productivity growth in large part to weak business innovation⁴. Some key factors affecting the productivity growth in Canada's business sector include low rates of technology adoption, the poor rate of productivity growth in the Information and Communication Technologies sector and falling share of foreign direct investment. While low productivity rates can be masked by a favourable exchange rate, the increasing value of the Canadian dollar relative to other currencies requires that Canadian companies be more competitive if they are going to survive. The current economic slowdown, along with the strengthening of the Canadian dollar relative to other currencies, has created conditions that are favourable to narrowing the widening gap between Canada's productivity rates and those of other OECD countries. Canadian firms can use the increased purchasing power of the Canadian dollar to invest in capital improvements and improve efficiencies.

Western Canadian businesses' ability to compete is also impacted by world market slowdowns, global competition from low wage countries and geographic distance from major markets. To ensure business sustainability and growth, WD will focus on business productivity and competitiveness. This priority also aligns with the Government of Canada's [Advantage Canada, the Science and Technology Strategy](#) and the [Global Commerce Strategy](#).

WD plans to meet this priority by supporting modernization initiatives (including the adoption of leading edge technologies and lean manufacturing practices), initiating a pan-western pilot in selected sectors or clusters that are ready to implement productivity enhancements, and continuing to support skills development initiatives. Key players include post-secondary institutions, provincial governments, industry associations and members of the Western Canada Business Service Network.

Knowledge transfer, employee training and development and succession planning are important to ensure that WD can retain and develop employees who can help build western Canada's business productivity and competitiveness.

The risk of not addressing the productivity issue is the negative impact on the standard of living across the West in the long-term. Weak competitiveness will also limit the potential for economic growth and innovation.

DID YOU KNOW?

Under the Advanced Manufacturing Initiative (AMI), the Alliance of Manufacturers & Exporters Canada undertook three projects related to Lean Manufacturing with WD support. AMI is a multi-pronged approach to provide the manufacturing community with lean expertise and knowledge to improve productivity and develop skills that will assist companies to become internationally competitive. To date, 90 per cent of participating companies have seen increases in their productivity and 88 per cent reported creating long-term sustainability.

Under AMI, WD contributed \$2.1M in 2009 for the Virtual Centre of Manufacturing Excellence project, which will provide programming for the Manitoba manufacturing industry related to productivity and international competitiveness through advances in innovation, trade and technology advances while strengthening the supply chain in the province.

³ Out of thirty leading economies, Canada ranks 26th in terms of labour productivity growth.

⁴ Council of Canadian Academies, *Innovation and Business Strategy: Why Canada Falls Short*, 2009

Canada's Economic Action Plan

In Budget 2009, WD was charged with delivering the western Canadian portion of two national initiatives under CEAP - the CAF and the RInC program. The objective of these programs is to provide targeted, timely and temporary funding to communities adversely impacted by the global economic downturn in an effort to create or maintain jobs as a means of stimulating the economy. The delivery of both CAF and RInC continue to be high priorities for the 2010-2011 fiscal year.

DID YOU KNOW?

With WD's support of \$1.784M under CAF, Prince Albert Grand Council (P.A.G.C). Holdings Inc., a non-profit corporate entity of the PAGC, and the Saskatchewan Ministry of Environment are working closely with local municipal authorities to build fire breaks, fuel breaks and greenbelts around communities located in Northern Saskatchewan's boreal forest that are at high risk of wildfires. The project is employing approximately 170 seasonal forestry workers recently affected by the job losses associated with the economic downturn, and extends employment beyond the seasonal nature of summer firefighting activities. Many workers are also able to work in their home communities and receive valuable training and experience that will assist with future employment opportunities.

Nationally, CAF and RInC were allocated \$1 billion and \$500 million, respectively, over two years. WD was allocated \$306.3 million for CAF and \$152.9 million for RInC. It is anticipated that project funds will largely have been committed in 2009-2010; the priority for 2010-2011 will turn to stewardship and monitoring to ensure that completed projects meet program objectives and are completed by March 31, 2011. In 2011-2012, WD will conclude its project monitoring and payments work and program wrap up for CAF and RInC.

CAF focuses on creating employment opportunities and supporting adjustment measures in communities impacted by the global economic downturn. The national fund provides an economic stimulus by supporting projects that create jobs and maintain employment in and around communities that have experienced significant job losses and lack alternative employment opportunities.

The RInC program will help reduce the impacts of the global recession while renewing, upgrading and expanding recreational infrastructure in Canadian communities.

Key players for both CAF and RInC include local and provincial governments, regional development agencies, non-profit organizations, for-profit organizations and Indian Bands (as represented by their Chief and Council).

In addition, Budget 2009 provided \$15 million annually for the renewal of the Canada Business Network (CBN), which provides small businesses with information on government services, programs and compliance requirements. Of this amount, WD receives nearly \$4.0 million annually to deliver this initiative in the four western provinces. WD then partners with all four provincial governments to fund and manage the four Canada Business service centres in Western Canada. By providing access for western Canadians to accurate, timely and relevant business information, the CBN contributes to the ultimate outcome of enhancing the success and growth of small businesses.

WD will ensure sound management and stewardship of CEAP programs to ensure approved projects meet program deadlines and performance indicators are reported in a timely and accurate manner. WD will also work with clients to maximize the impact and results of investments and ensure effective communication of these results to the public. The department will collaborate with other federal regional development agencies to ensure national consistency in delivery and results reporting of the initiatives. The changing focus of the CEAP programs to monitoring and payments requires staff with appropriate skill sets; this is being addressed through appropriate training and development.

Economic stimulus programming is expected to create and/or maintain jobs for affected workers. Investments will also provide a legacy of longer-term economic benefits including business expansion and increased competitiveness. There will also be social, health and environmental benefits with renewed infrastructure in western Canadian communities.

MANAGEMENT PRIORITIES

Management priorities are internal organizational areas of focus that support the delivery of WD programs and services. These priorities align with Government of Canada initiatives to sustain a highly skilled and dynamic work force, demonstrate accountability and value for money, and ensure work across the department remains relevant and citizen-service focused.

Public Service Renewal

People management is a priority of the federal government. Public Service Renewal, in particular, has been a priority of the Clerk of the Privy Council as outlined in the [Public Service Renewal Action Plan](#). WD's people management strategy is to sustain the necessary complement of qualified, motivated and knowledgeable staff in order to effectively deliver on its mandate. Public Service Renewal is an integral part of WD's people management strategy and it continues to be a departmental priority with four specific areas of focus: planning, recruitment, employee development, and enabling infrastructure.

- Planning – WD will continue to focus on succession planning and integration of business and human resources plans and reporting, while engaging employees in the process. A major factor in human resource planning involves a decline in staffing levels after 2010-2011 with the planned conclusion of funding received under CEAP.
- Recruitment – The department will continue strategic recruitment in identified risk areas. WD will also provide opportunities for new and experienced professionals.

- Employee Development – WD will actively manage leadership development, incorporate Public Service Values and Ethics into day-to-day operations and support training, diversity and the use of both official languages. The end of the CAF and RInC programs and the acting assignments and terms associated with them will require skillful transition management.
- Enabling Infrastructure – The department will continue to integrate performance management processes with business and management priorities, refine human resources service standards and support workplace committees focused on healthy workplace practices.

By pursuing these priorities, WD will continue to ensure that staff has the skills and competencies necessary for effective delivery of departmental programs and services.

DID YOU KNOW?

As of February 1, 2010, the implementation of CEAP at WD resulted in a 43 per cent increase in developmental opportunities for current employees, the hiring of 23 new term employees and an increase of 50 per cent in student appointments.



Performance Measurement

Excellence in performance measurement is necessary to inform planning and reporting on results, both internally and externally. WD performance measurement and reporting mechanisms must be in compliance with the Government of Canada's [Management, Resources and Results Structure \(MRRS\) Policy](#). The MRRS Policy supports the development of a common government-wide approach to the identification of programs and to the collection, management, and reporting of financial and non-financial information relative to those programs. This policy helps strengthen public sector management and accountability by providing a common framework for reporting to citizens and Parliament. Part of the MRRS is the Program Activity Architecture (PAA), which provides an inventory of all departmental programs and activities that are linked to WD's strategic outcome. A more detailed account of WD's program activities and their performance measures are available in this Plan in the section on Program Activities.

DID YOU KNOW?

Given the size of government and its role in the economy, the contribution of government to national economic growth is of great significance, especially when comparing change rates over time. A recent study in the United Kingdom highlights that changing the basis of measurement of government activity can increase or decrease the measure of GDP significantly. (Organization for Economic Co-operation and Development Working Papers on Public Governance 2007/1)

- WD will encourage more frequent reporting of results and improve project workflow processes through the "Bring Forward" tool, which was recently implemented in Project Gateway, the department's project management system. Further developments will be made to Project Gateway to more effectively manage project performance measurement and reporting.
- WD will analyze how well the existing performance reporting regime has been used over the first five years of the PAA.
- Building upon the existing logic model for the Western Diversification Program and other program authorities, further work will be done to clarify the relationships among the activities, outputs and outcomes to ensure WD's performance measurement approaches are meaningful.
- Regions will be consulted to refine the performance indicators used to measure the impact of individual projects. There will be a focus on selecting indicators that precisely reflect the expected results, ensuring that projects of a similar type use common performance indicators.
- The department will develop a new performance measurement and result reporting approach focusing on "telling the WD story" through evidence-based case studies that will illustrate the impact the department has had on the western Canadian economy.

By continuing to pursue this priority, WD will support evidence-based decision-making, policy development, and enable the department to implement strategic adjustments as required throughout the year.

Integrated Risk Management

Integrated risk management is about capitalizing on opportunities and mitigating risks. It will remain central to the department's management and decision-making processes in 2010-2011 and beyond.

DID YOU KNOW?

Risk management is done—well or poorly—throughout organizations whether or not they recognize it.

Today's operating environment demands a systematic and more integrated risk management approach. It is no longer sufficient to manage risk at the individual activity level or in functional silos. Organizations around the world are benefiting from a more comprehensive approach to dealing with all their risks (Treasury Board Secretariat).

Integrated risk management is also a core government management priority as identified in the Management Accountability Framework (MAF)⁵ - a comprehensive and integrated model for sound management. Broader expectations are included in updated Treasury Board Policies, specifically the Policy on Transfer Payments and the Policy on Internal Control. In addition, the Blue Ribbon Panel on grants and contributions called for a risk-sensitive oversight regime to reduce the administrative burden on departments and recipients by reducing the web of rules.

- As part of the Grants and Contributions Action Plan, WD will continue to pursue integrated risk management by integrating project risk assessments into all stages of the grants and contributions project lifecycle processes: project development, approvals, claims, monitoring and auditing.
- WD will update its corporate risk profile and integrate risk mitigation directly into key business functions across the department.
- WD will continue to develop and update risk assessment tools such as a risk-based financial policy monitoring framework.
- WD will provide clear direction on integrated risk management through the development of an integrated risk management policy and implementation guide to better communicate expectations and define accountabilities.
- Further demonstration of the benefits of risk management will include the sharing of best practices, increasing internal communications and building more awareness of risk management initiatives and culture.

By continuing to pursue integrated risk management as a priority, the department will benefit by a greater understanding of the value of effective risk management in decision-making and resulting in a more innovative risk-smart culture.



⁵ For more information on MAF, see Appendix C.

Information Management

Information Management is about ensuring the integrity, accuracy, availability, quality, and business value of information in the department. In addition to regulatory compliance with the Government of Canada's Policy on Information Management and related directives, this priority reflects the MAF⁶ element of effectiveness of information management. Through this priority, WD will demonstrate effective use of information resources of business value as strategic assets, supporting both decision-making and efficient delivery of government programs and services. The department will also show effective recordkeeping practices that ensure transparency and accountability of government programs and services.

Without effective information management, exponential growth of files and documents will continue, increasing the risk of redundant, incomplete, and inconsistent information. This negatively impacts both the confidence and integrity of the department's reports, results, and responses to Parliament and citizens.

- WD will integrate both physical and electronic records management by aligning Central Registries with the Information Management unit to ensure consistency in the lifecycle management of all forms of official records.
- The department will enhance its Information Management Implementation Plan, including the establishment of a governance structure and engagement of additional resources. This will enable the department to comply with the Government of Canada Policy on Information Management and Directives on both Roles and Responsibilities and Recordkeeping, as well as to develop departmental electronic information management standards. WD will revise the current retention schedules for archival documents to ensure compliance with federal records centre requirements.

- A phased approach will be used by functional area to implement Electronic Document and Records Management throughout the department.
- WD will form a senior level committee to establish information management policies and procedures, with business processes and practices for all employees. WD employees will also participate in Information Management Awareness training sessions to be developed and delivered throughout the department.

The anticipated results of pursuing this priority include reliable access to relevant, quality information in a timely fashion; increased internal collaboration on document development; compliance with regulatory requirements; and strengthened knowledge transfer.

DID YOU KNOW?

"30% of an Information Worker's time is spent looking for information!"

"90% of records filed after the completion of a transaction are never referred to again."

(Records Management, General Services, State of Tennessee)

⁶ For more information on MAF, see Appendix C.

PROGRAM ACTIVITIES

Business Development

Innovation

Community Economic
Development

Policy, Advocacy
and Coordination

Canada's Economic
Action Plan

Internal Services

"Program Activities" are formally defined according to Western Economic Diversification Canada (WD)'s Program Activity Architecture (PAA) as a Treasury Board-approved inventory of the department's programs, activities, performance indicators and expected outcomes.

This section outlines the five program activities WD uses to measure its progress with respect to expected outcomes, alignment with Government of Canada initiatives, key activities and benefits to Canadians. The Strategic Planning Framework (next page) links the department's program activities with its vision, mandate, priorities and strategic outcome.

Canada's Economic Action Plan (CEAP) has also been included in this section to provide further details on planned spending, staffing level and performance indicators. However, it is not considered a program activity under WD's PAA.

A department-wide summary of planned spending and human resource allocations by program activity can be found in Annex A. A summary of the performance indicators that the department tracks to measure the success of its program activities are provided in Annex B.



Western Economic Diversification Canada / Diversification de l'économie de l'Ouest Canada

Strategic Planning Framework 2010-2011

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 2010-2011 Priorities

Technology Commercialization

Trade & Investment

Business Productivity & Competitiveness

These priorities will be WD's focus in 2010-2011 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



BUSINESS DEVELOPMENT

WD works with western Canadian businesses, industry and research organizations to support initiatives to enhance business productivity and competitiveness; to increase the penetration of western Canadian technologies, services and value-added products into international markets; and to improve access to capital. Through this program activity, WD partners with other stakeholders, such as the provincial governments, to provide business programs and services to entrepreneurs and small and medium-sized enterprises (SMEs). This program activity is linked to two program priorities: trade and investment and business productivity and competitiveness.

| Planned Spending (\$ thousands) and Full-time Equivalent (FTEs) | | |
|---|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 |
| 39,157 | 42,575 | 42,575 |
| 65 FTEs | 78 FTEs | 78 FTEs |

WD plans to undertake the following key activities in 2010-2011:

- Invest in business development projects in conjunction with business associations and organizations, as well as encourage and enable industry-led solutions to productivity challenges.
- Support international business development and investment promotion projects (e.g. launch pan-western investment marketing tool) with a specific focus on Western Canada's emerging technology and value-added manufacturing sectors.
- Supporting the adoption of leading-edge world-class technologies in order to increase efficiencies and accelerate product development and lean manufacturing practices.
- Initiate a pan-western pilot in selected sectors or clusters that are ready to implement productivity enhancements, and continue to support skills development initiatives.

- Advance Western Canada's advocacy, trade and investment, and science and technology interests in the United States and Mexico through participation in the North American Platform Program.
- Coordinate and plan activities that will enable western Canadian aerospace and defense companies to access federal procurement and industrial regional benefits opportunities through supplier development activities.
- Build connections between SMEs and major international aerospace and defense companies.
- Make strategic investments in infrastructure and collaborative projects and promote value-added opportunities related to Western Canada's trade gateways and corridors (e.g. Asia-Pacific Gateway and Corridors Initiative).
- Continue to support the delivery of entrepreneurship programs and services through the Western Canada Business Service Network (Canada Business service centres, Community Futures organizations, Women's Enterprise Centres and Francophone Economic Development Organizations), including ensuring availability of risk capital to SMEs. As part of its ongoing assessment process of grants and contributions, including renewal of program terms and conditions, WD will work with its business service network to ensure that funding furthers government priorities and achieving results for Canadians.
- Review the department's role in providing export readiness/advisory information and access to capital services to SMEs to determine the most appropriate type of future support required.
- Examine new approaches to strengthen linkages and collaboration between departmental committees that carry out complementary activities, and to ensure that the department factors trade and investment into WD's other priorities and activities.

HOW WE WILL MEASURE OUR RESULTS:

- ✓ SME revenue (Target: \$322M - stable revenue)
- ✓ SME employment (Target: 2.5M - stable employment level)
- ✓ Annual international trade: value of exports excluding primary production sectors (Target: \$47B)

Benefits to Canadians

- * Job creation and maintenance
- * Productivity growth
- * Increased competitiveness

INNOVATION

Innovation is the process of translating knowledge into new or improved products, processes and services for economic and social benefit. Successful innovation starts with a new idea and moves through the research and development (R&D) stage into a ready-for-market product.

| Planned Spending (\$ thousands) and Full-time Equivalents (FTEs) | | |
|--|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 |
| 59,455 | 49,207 | 49,207 |
| 54 FTEs | 54 FTEs | 54 FTEs |

The innovation process is not linear, but involves a web of interconnected activities and actors that is called an innovation system. WD works with universities, research institutes, other federal departments, provincial governments and industry associations to strengthen the western Canadian innovation system. This program activity is linked to two program priorities: trade and investment and technology commercialization.

WD's approach to innovation is consistent with the federal [Science and Technology Strategy](#), which prioritizes knowledge advantage (knowledge infrastructure and R&D), entrepreneurial advantage (technology commercialization) and people advantage (skills, community innovation and linkages). The federal sector priorities of Information and Communication Technologies (ICT), health and related life sciences and environmental technologies mirror WD's sector priorities.

WD plays a key role representing western interests on the national agenda. Budget 2010 provided support to science, technology and innovation. WD will pursue opportunities to participate in and enhance western Canada's opportunities in new federal programming such as the \$40 million SME technology demonstration program, the review of federal R&D and the development of the digital economy strategy.

In 2010-2011, WD plans to undertake the following key activities that target key technology cluster development and growth:

- Continue to support capacity building that enables the facilitation of technology commercialization and bringing products to markets. Potential approaches include helping firms and organizations get technologies to the marketplace through demonstration, first use or unsolicited proposals. This support will enable firms to prove their products in the marketplace, penetrate domestic and international markets and assist firms in attracting scarce venture capital.
- Create effective linkages among players in the innovation system in order to facilitate the commercialization of technologies into new products and services.
- Explore approaches to improve the performance of firms in getting technologies to the marketplace.
- Make strategic investments in knowledge infrastructure to support industry and build sector capacity in the key areas of life sciences, ICT and clean energy.
- Create an innovation environment conducive to retaining, nurturing and growing our small and mid-tier technology firms into successful and competitive multinationals.

HOW WE WILL WE MEASURE OUR RESULTS:

- ✓ Total income from the commercialization of intellectual property (Target: \$28.14M - stable growth rate)
- ✓ Business expenditure on research and development as a % of total employment (Target: 0.55% - stable growth rate)
- ✓ Employment in natural and applied science and related occupations as a % of total employment (Target: 7.0% - modest increase)

Benefits to Canadians

- * More diversified, knowledge-based economy
- * Increased productivity and competitiveness
- * Increased standard of living



COMMUNITY ECONOMIC DEVELOPMENT

WD supports economic development and diversification initiatives that enable both rural and urban communities to sustain or grow their economies and adjust to changing and challenging economic circumstances. This includes facilitating economic recovery and public infrastructure investments in Western Canada to meet the Government of Canada's commitment to strong economic growth and improving the standard of living of all Canadians. Furthermore, it ensures that economic, social and environmental considerations are taken into account in initiatives designed to foster community growth through community-based consultations or facilitation and planning. The program activity strives to integrate federal programs, services and horizontal initiatives directed towards western Canadian communities.

| Planned Spending (\$ thousands) and Full-time Equivalent (FTEs) | | |
|---|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 |
| 58,031 | 54,205 | 41,269 |
| 76 FTEs | 73 FTEs | 73 FTEs |

WD plans to undertake the following key activities in 2010-2011:

- Support projects in rural areas to help communities diversify and strengthen their economies.
- Invest in initiatives that enhance Aboriginal participation in the economy.

- Continue to deliver, monitor and evaluate the Community Economic Diversification Initiative and Airport Improvements Initiative components of the federal Mountain Pine Beetle response in British Columbia.
- Support Community Futures organizations and Francophone Economic Development Organizations to provide community planning and development services to rural and Official Language Minority Communities.
- Continue to work with Infrastructure Canada to improve the administration of national infrastructure programs such as the Infrastructure Canada Program, Municipal Rural Infrastructure Fund, Canada Strategic Infrastructure Fund and Building Canada Fund.
- Complete western delivery of the CAF and RInC under CEAP.

HOW WILL WE MEASURE OUR RESULTS:

- ✓ Number of new jobs created (Target: 39,000)
- ✓ Net migration (international and domestic) rate (Target: 95,000 – stable migration)
- ✓ Percentage of key informants with the opinion that WD delivery of infrastructure programs resulted in investments that reflect western Canadian infrastructure priorities (Target: 50%)

Benefits to Canadians

- * Job creation and maintenance
- * Economic growth
- * Cleaner environment
- * Improved community infrastructure



POLICY, ADVOCACY AND COORDINATION

WD's policy, advocacy and coordination activities include the following: supporting policy research and consultation in order to better understand issues facing the West; leading federal and intergovernmental collaboration to pursue key opportunities and strategic investments for long-term growth and diversification in areas of federal or shared federal-provincial jurisdiction; and improving the targeting of investments through policy development related to the design and delivery of WD programming. This priority is linked to all three program priorities: trade and investment, business productivity and competitiveness and technology commercialization.

| Planned Spending (\$ thousands) and Full-time Equivalent (FTEs) | | |
|---|------------------|------------------|
| 2010-2011 | 2011-2012 | 2012-2013 |
| 8,873 60 FTEs | 8,879 60 FTEs | 8,879 60 FTEs |

WD plans to undertake the following key activities in 2010-2011:

- Work with western provincial Deputy Ministers responsible for economic development and innovation to identify opportunities and challenges across the West, continuing to lead or participate in western-based fora such as the Regional Federal Councils, the Senior Officials Forum on Innovation, and regional trade teams.

- Continue WD's partnerships with the four western provinces through agreements such as the [Western Economic Partnership Agreements](#) and other joint federal-provincial arrangements to identify and support significant investments in projects that support federal and provincial priorities.
- Undertake informed advocacy on policy issues relevant to Western Canada, including key areas such as industrial regional benefits related to federal procurement, enhanced value from gateways and corridors, and strengthened trade and investment opportunities.
- Support policy research that assists in the development of policy options for Western Canada, which will in turn improve the West's competitiveness in the global economy.
- Participation in interdepartmental fora to ensure that western interests and WD perspectives are reflected in national policies and programs.

HOW WE WILL WE MEASURE OUR RESULTS:

- ✓ Percentage of key informants with the opinion that WD activities provide policies and programs that support the economic development of Western Canada (Target: 90%)
- ✓ Percentage of WD projects completed this fiscal year that successfully met or exceeded performance targets (Target: 85%)

Benefits to Canadians

* National priorities, policies, programs and procurements reflect western Canadian priorities



CANADA'S ECONOMIC ACTION PLAN

This program area is a major area of focus for WD for 2010-2011. See a description in the Key Priorities section earlier in this document.

| Planned Spending (\$ thousands) and Full-time Equivalents (FTEs) | | |
|--|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 |
| 245,022 | - | - |
| 88 FTEs | - | - |

HOW WILL WE MEASURE OUR RESULTS:

- ✓ Number of jobs created or maintained (Target: 3,408 (CAF), 2,024 (RInC))
- ✓ Number of public-private partnerships (CAF) (Target: 28)
- ✓ Number of businesses created, maintained or expanded (CAF) (Target: 250)
- ✓ Number of participants trained (CAF) (Target: 846)
- ✓ Number of new and improved local infrastructure elements (RInC) (Target: 922)
- ✓ Total infrastructure funding expended (federal, provincial, municipal and private) (Target: \$258.6M)

INTERNAL SERVICES

WD's delivery of key strategies and the ability to achieve its strategic outcome depends on the foundational support provided by internal services. These enablers ensure a well-functioning department through support to all programs. This includes WD's governance and decision-making bodies, corporate functions and services and other departmental areas of focus that underlie or transcend departmental activities: values and ethics, Official Languages, citizen-focused service and web of rules.

| Planned Spending (\$ thousands) and Full-time Equivalents (FTEs) | | |
|--|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 |
| 18,420 | 18,329 | 18,329 |
| 131 FTEs | 131 FTEs | 131 FTEs |

Benefits to Canadians

- * Job creation and maintenance
- * New and improved local infrastructure



Governance & Decision-Making

The [Western Economic Diversification Act](#) gives the Minister authority for the management and direction of the department. A Minister of State has designated responsibility for the day to day operations of the department.

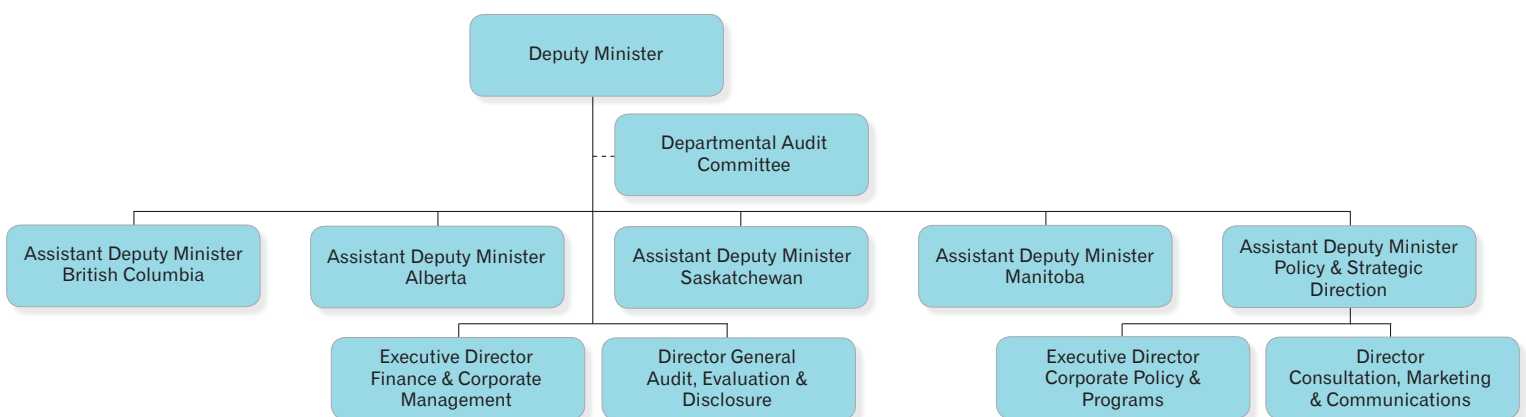
The Deputy Minister is responsible for overall strategic direction and management of the department. WD is a geographically dispersed organization and its decision-making committees are organized around and in support of the department's Executive Committee. This committee is chaired by the Deputy Minister and provides policy direction, strategic oversight and ongoing support for WD's outcomes. The Executive Committee comprises the direct reports of the Deputy Minister plus the Executive Director, Corporate Policy and Programs, and the Director of Consultation, Marketing and Communications (see the following organizational chart).

In support of Executive Committee at the corporate level are functional committees: Departmental Planning and Reporting Committee, Directors of Policy Committee, Directors' General Operations Committee, Integrated Risk Management Steering Committee, Information Management Technology Council, and the Contract Review Committee. Within the regions, each Assistant Deputy Minister is supported by a regional senior management committee.

The department also has a Management Accountability Committee that provides direction and advice to the Deputy Minister on all issues related to implementing the Government's overall management agenda, WD's management priorities and the Management Accountability Framework. Providing independent advice and oversight is WD's Departmental Audit Committee comprising up to three members appointed from outside the federal public service.

WD has a number of pan-western functional and operations teams or committees that provide support to the Deputy Minister and Executive Committee. They are in place for a number of strategic outcome or priorities areas such as sustainable development, official languages, trade and investment, innovation and management of the Western Canada Business Service Network.

WD also meets its management obligations through a departmental Labour Management Consultation Committee and Departmental Occupational Health and Safety Committee, both of which are supported by local committees in each of the four regional offices.



Corporate Functions and Services

The Policy and Strategic Direction sector⁷ includes the following key areas:

(i) The Corporate Policy and Programs branch is responsible for establishing strategic policy priorities for the department, providing corporate leadership in research and policy analysis and influencing national policy and program development as it relates to Western Canada. The branch is also responsible for the department's planning, reporting and performance measurement and ensures that departmental standards for due diligence in grants and contributions management are followed. The branch includes the following four divisions: Planning and Programs, Policy, Performance Measurement and Economic Stimulus.

Priorities for 2010-2011 include the following: coordinating the implementation of CEAP initiatives; leading the implementation of the department's performance measurement and risk management priorities (see departmental management priorities in Section 4 of this plan); working with central agencies to access WD funding provided in Budget 2010; working with regional development agencies to renew the Community Futures terms and conditions; renewing Western Diversification Program terms and conditions; participating in departmental program reviews as part of the Government of Canada's ongoing assessments of programs and services; and continuing to review strategic directions and opportunities to further western Canadian interests in national policy development.

(ii) Corporate Secretariat – A Corporate Secretariat has been established in Ottawa to manage the Executive Committee's agenda; manage ministerial and senior executive approval of reports, documents and correspondence; and provide oversight of the department's overall forward agenda. Priorities for 2010-2011 include establishing an effective organizational structure and appropriate capacity, integrating functions and processes to optimize efficiencies and establishing useful performance measures.

(iii) Corporate Consultation, Marketing and Communications is responsible for internal and external communications in support of WD's strategic outcomes, priorities and results. In 2010-2011, WD will focus on the provision of strong strategic communication that is aligned with the Government of Canada Communications Policy and supported through the departmental Communications Plan. WD will also develop a sustainable approach to communications, continue to inform stakeholders and the public of CAF and RInC early results, maintain dynamic and up-to-date content on the Internet and focus on results reporting and accountability.

(iv) Strategic Policy and Advocacy (SPA) is responsible for advocating and advancing the economic and policy interests of Western Canada in Ottawa. SPA works with WD Headquarters and the regional offices to provide strategic advice to the Minister on items going before Cabinet and other government priorities; leading and/or supporting WD engagement in the development of Memoranda to Cabinet and Treasury Board submissions; representing WD and the interests of Western Canada on numerous federal decision-making fora; and providing leadership for the department in identifying potential Industrial and Regional Benefit (IRB) opportunities for western Canadian aerospace and defence industries from the procurement of major military and other federal projects.

The Finance and Corporate Management branch includes four key areas:

(i) Corporate Finance is responsible for ensuring the integrity of WD's financial management system and the overall stewardship of the department's financial resources.

Corporate Finance continues to place a high priority on meeting expectations for financial governance, internal controls and financial management systems. In support of the branch's ongoing stewardship responsibility, a financial monitoring framework has been developed for implementation in 2010-2011 to ensure compliance with financial legislative authorities and the new policies. In addition, Corporate Finance will implement the Readiness Assessment action plan which follows from an in-depth review of WD's internal controls.

⁷ The Policy and Strategic Direction sector was created on May 26, 2010 by combining the Ottawa-based Corporate Secretariat; Corporate Consultation, Marketing and Communications; and Strategic Policy and Advocacy with the Policy, Planning and Performance Measurement branch in Headquarters in Edmonton. The Policy, Planning and Performance Measurement branch was renamed the Corporate Policy and Programs branch.

Continuous improvement of timely financial reports and information provided through presentations on options, analysis and advice on resource utilization also remains a priority. Corporate Finance will also support sound decision-making throughout the payment phase of the CEAP programs, which will peak in claims processing volumes over the next twelve months.

(ii) [Corporate Administration](#) provides the leadership and coordination of the development, implementation and monitoring of departmental administrative policies. This includes Access to Information and Privacy, corporate security, occupational health and safety, accommodations, procurement/contracting oversight, material and asset management, telecommunications, relocation and proactive disclosure of contracts over \$10,000 and travel and hospitality expenses. Corporate Administration will also promote green procurement and the Procurement Strategy for Aboriginal Businesses. Further enhancements will also be made to procurement planning to ensure program plans, priorities and long-term investments are appropriately actioned.

(iii) [Human Resources](#) provides the leadership and framework for the management of departmental human resources. WD is committed to excellence in people management, to Public Service Renewal, and to sustaining the necessary complement of qualified, motivated and knowledgeable staff to deliver on WD's mandate and contribute to federal priorities. Priorities for 2010-2011 include responding to the four key risk areas that threaten WD's ability to achieve its people management and public service renewal objectives: aging, high turnover, recruitment shortfalls and low rate of internal promotions.⁸

(iv) [Information Management and Technology's](#)⁹ (IMT) commitment to Internal Services is two-fold. First is to provide a safe, secure, reliable and available network infrastructure enabling employees to effectively use technology to communicate, collaborate and demonstrate results. Second is the priority to maintain existing corporate applications providing human resource services, financial services, project lifecycle management, results and reporting, document tracking, and the department's public website. Ensuring availability of these systems requires the ongoing complementary internal services of both the IMT Help Desk and database management.

With the renewed emphasis on Information Management as a departmental priority, IMT will strengthen its stewardship capacity to provide technology solutions that will both increase productivity by enabling staff to find existing information and develop new content more quickly and less expensively. This will also control the exponential growth of information through electronic document and records management, workgroup collaboration, automated workflow review and approval controls, and forms management.

WD's information holdings and proactive disclosures will realize improved collection and tracking processes to meet internal controls for accountability reporting.

[Audit and Evaluation](#) provides audit and evaluation services that help WD to achieve management excellence. The branch's authority is drawn from internally assigned responsibilities as well as Treasury Board Secretariat instruments including the [Policy on Internal Audit](#) and the [Policy on Evaluation](#). Pursuant to the [Public Servants Disclosure Protection Act](#), the Audit and Evaluation branch coordinates any necessary investigations and makes recommendations to the Deputy Minister of alleged wrongdoing. Internal audit provides assurance services on governance, controls and risk management processes. Evaluation analyzes the relevance and performance of government spending. Through consultations with various stakeholders, and by way of effective coordination, the branch regularly develops and updates a three-year rolling [2010-2013 Risk Based Audit Plan](#) and a five-year [2009 – 2014 Evaluation Plan](#) to guide its activities and performance. From 2010-2011 to 2012-2013, the Audit and Evaluation branch plans to work on 21 audits and 7 evaluations, all of which are listed in Annex D.

In 2010-2011, this branch's auditing activities will focus on monitoring and payments for grants and contributions, governance and regional operations. Evaluation projects include the Entrepreneurs with Disabilities Initiative, Mountain Pine Beetle Initiative and Canada Business service centres. Additional branch details and reports can be found at [WD's Audit and Evaluation webpage](#).

⁸ Additional information on WD's human resource priorities is found in Section 3 of this report under Finance and Human Resources.

⁹ Additional information on WD's information management priorities is found in Section 4 of this report under Management Priorities.

Other Departmental Areas of Focus

Values and Ethics - Conducting business in a manner that respects WD's values and ethics is an integral part of the department's culture. WD will continue to participate in government-wide values and ethics initiatives as well as initiatives that reflect our commitment to sound management and effective decision-making. Public Service Values and Ethics will continue to be integral components of project approval and payment processes, internal audits, recruitment and training efforts, performance appraisals and planning sessions.

A three-year action plan, effective last year, includes the following 2010-2011 planned activities:

- Further increasing the profile and understanding of values and ethics expectations through training and workplace scenario sessions with staff in all WD offices;
- Encouraging all staff participation in the annual Public Service Employee Survey; and
- Conducting all staff sessions with an update to WD's values statement, where applicable.

Official Languages Strategy - The WD Official Languages Strategy is based on the [Official Languages Act](#) and applies to all strategic priorities. Under this strategy, there are three priorities: provision of services in both official languages; fostering a work environment that encourages the use of both official languages; and supporting and facilitating the economic development of Official Language Minority Communities (OLMC) in the West. WD received \$3.2 million over five years through the Economic Development Initiative of the Roadmap for Canada's Linguistic Duality 2008-2013 to foster the development of new business expertise through innovation, entrepreneurship, partnerships and diversifying economic activities. By pursuing these priorities, WD is encouraging diversified, competitive and innovative OLMC economies that are sustainable. In 2009-2010, WD implemented an Official Languages lens as part of the due diligence process for all projects.

Citizen-Focused Service - WD delivers services, either directly or by third party, to assist western Canadians and organizations in key economic sectors to undertake activities to strengthen and diversify the western economy. These services include assistance to the public in gathering information relevant to a business venture, funding to assist the non-profit sector to undertake economic development projects, and financial partnering with provinces and municipalities to enhance strategic economic development.

In an ongoing effort to ensure services are designed and delivered based on client needs and expectations, WD will undertake a Client Satisfaction Survey to measure the quality of service delivery for the Western Diversification Program, the Western Economic Partnership Agreements, CAF and RInC. Results will be made available on WD's public website and the [National Library and Archives website](#).

In support of high quality service, WD is committed to:

- Continuing efforts to establish a results-oriented service management system that tracks progress against results and service standards;
- Setting priorities that consider service performance, risks, Government of Canada priorities and client needs and expectations; and
- Making information on consultations available on the Consulting and Audit Canada website as appropriate, and posting results of its consultation activities on the WD public website.

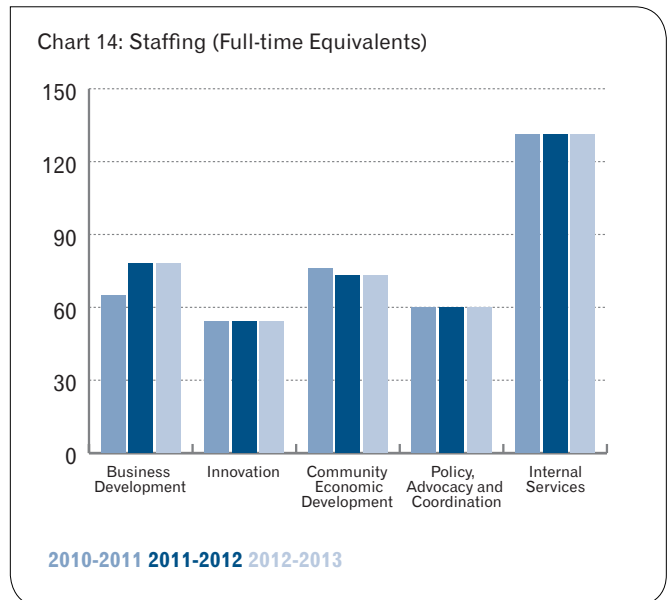
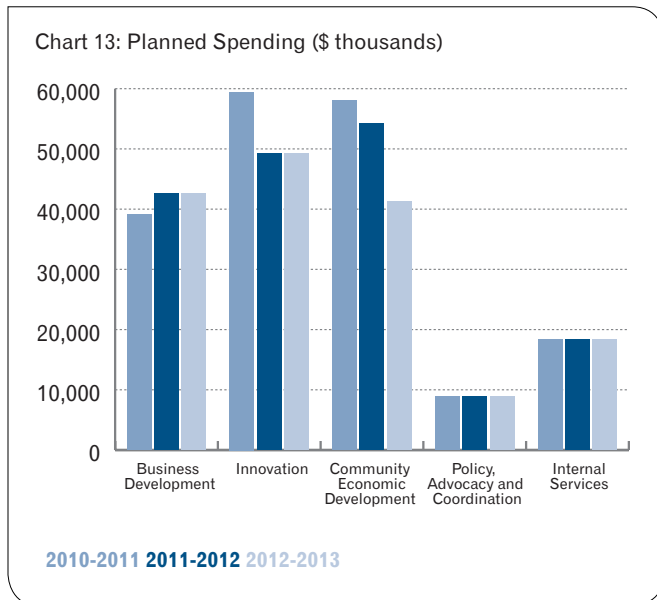
Web of Rules - The objective of the Web of Rules initiative is to improve the efficiency and effectiveness of government programs through elimination of unnecessary and ineffective rules, reporting requirements, and government administrative processes that impair the ability of the public service to deliver services to Canadians. As part of its commitment to this Government of Canada horizontal initiative, WD will continue to implement previous commitments such as the expedited claims policy. Additionally, in 2010-2011, the department will develop two web-based tools to improve service provided to its clients: an electronic application form for new clients and a results reporting module to assist current recipients.

ANNEX A:

Human and Financial Resources by Program Activity

| | Expected Result | Planned Spending (000's)* and FTEs | | | Alignment to Government of Canadian outcome |
|---|---|------------------------------------|---------------------|---------------------|--|
| | | 2010-2011 | 2011-2012 | 2012-2013 | |
| Strategic Outcome: | The western Canadian economy is developed and diversified | | | | |
| Canada's Economic Action Plan | Successful community adjustments to mitigate economic crisis. | 245,022 88 FTEs | - - | - - | Strong Economic Growth |
| Program Activity: Business Development | Strong small and medium-sized enterprises in Western Canada with improved capacity to remain competitive in the global marketplace. | 39,157 65 FTEs | 42,575 78 FTEs | 42,575 78 FTEs | Strong Economic Growth |
| Program Activity: Innovation | A stronger knowledge-based economy. | 59,455 54 FTEs | 49,207 54 FTEs | 49,207 54 FTEs | An Innovative and Knowledge-based Economy |
| Program Activity: Community Economic Development | Communities have increased economic opportunities and capacity to respond to challenges, as well as the necessary investments in public infrastructure. | 58,031 76 FTEs | 54,206 73 FTEs | 41,269 73 FTEs | Strong Economic Growth |
| Program Activity: Policy, Advocacy and Coordination | Policies and programs that strengthen the western Canadian economy. | 8,873 60 FTEs | 8,879 60 FTEs | 8,879 60 FTEs | Strong Economic Growth |
| Program Activity: Internal Services | | 18,420 131 FTEs | 18,329 131 FTEs | 18,329 131 FTEs | Strong Economic Growth and an Innovative and Knowledge-based Economy |
| Total Planned Spending | | 428,958 474 FTEs | 173,196 396 FTEs | 160,259 396 FTEs | |

*Planned spending levels include grants and contributions as well as operating and maintenance funding.



ANNEX B:

Performance Indicators by Program Activity

As a companion to the Program Activity Architecture (PAA), a Performance Measurement Framework (PMF) has been developed to provide a systematic approach to collecting, analyzing, utilizing and reporting on the department's program activities. Performance measurement will ensure greater accountability and transparency, both of which are key to demonstrating value for money and results to Canadians. The PMF includes a set of indicators both economic and operational in nature to capture outcomes and outputs respectively. The following economic indicators will be used to report Western Economic Diversification Canada (WD)'s progress in achieving its strategic outcome:

| Strategic Outcome Expected Results | Performance Indicators | Targets |
|---|--|--------------------------------------|
| The western Canadian economy is developed and diversified | Real gross domestic product (GDP) growth in Western Canada | 3% (stable growth rate) |
| | Labour productivity growth in Western Canada, as measured by year-over-year change in real GDP per hour worked | 1.2% (stable growth rate) |
| | Primary production as a % of GDP | 14% (continuation of downward trend) |
| | Research & Development (R&D) intensity: gross domestic expenditures on R&D as % of GDP | 1.3% (stable growth rate) |

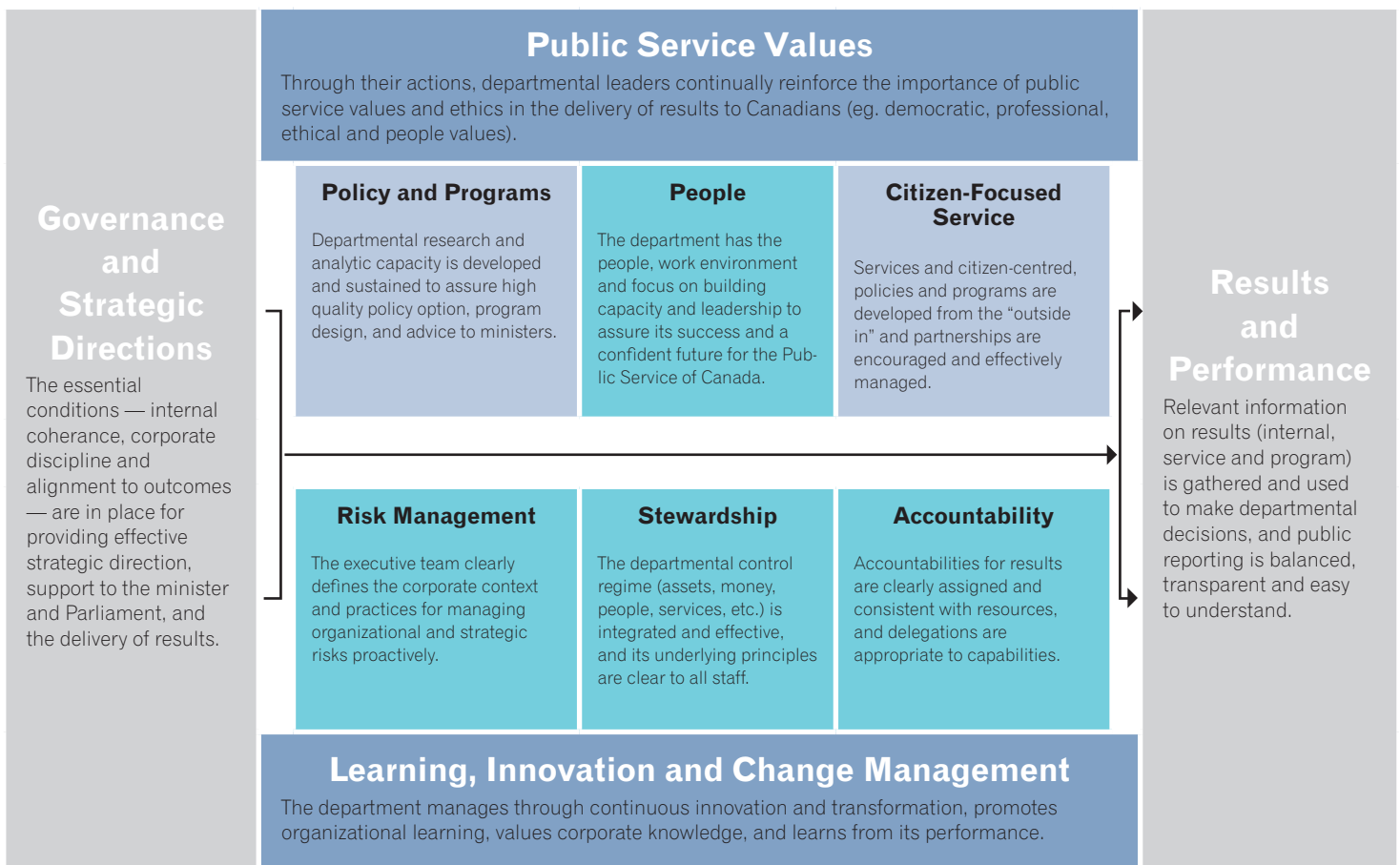
Each program activity also has its own set of indicators to measure progress:

| Program Activity | Performance Indicators | Targets |
|---|---|----------------------------------|
| Business Development | Small and medium-sized enterprises (SME) revenue (all SME sizes, excluding non-employee) | \$322M (stable level of revenue) |
| | SME employment (all SME sizes, excluding non-employee) | 2.5M (stable employment level) |
| | Annual international trade: value of exports excluding primary production sectors | \$47B |
| Innovation | Total income from the commercialization of intellectual property | \$28.14M (stable growth rate) |
| | Business expenditure on research and development as percentage of total employment | 0.55% (stable growth rate) |
| | Employment in natural and applied science and related occupations as a percentage of total employment | 7.0% (modest increase) |
| Community Economic Development | Employment: number of new jobs created | 39,000 (growth at a slower rate) |
| | Net migration rate (international and domestic) | 95,000 (stable net migration) |
| | Percentage of key informants with the opinion that WD delivery of infrastructure programs resulted in investments that reflect western Canadian infrastructure priorities | 50% |
| Policy, Advocacy and Coordination | Percentage of key informants with the opinion that WD activities provide policies and programs that support the economic development of Western Canada | 90% |
| | Percentage of WD projects completed this fiscal year that successfully met or exceeded performance targets | 85% |
| Canada's Economic Action Plan (not formally considered a program activity under WD's Program Activity Architecture) | Number of jobs created or maintained (CAF) | 3,408 |
| | Number of public-private partnerships (CAF) | 28 |
| | Number of businesses created, maintained or expanded (CAF) | 250 |
| | Number of participants trained (CAF) | 846 |
| | Number of new and improved local infrastructure elements (RInC) | 922 |
| | Number of jobs created or maintained (RInC) | 2,024 |
| | Total infrastructure funding expended (federal, provincial, municipal and private – as a proxy for local economic stimulus) (RInC) | \$258.6M |

ANNEX C:

Management Accountability Framework

Sound management in the public service is key to a well-functioning organization that is able to demonstrate value for money. The [Management Accountability Framework](#) (MAF) helps to reinforce this concept by providing public service managers with a comprehensive and integrated model for management and for management improvement. Specifically MAF sets out the Treasury Board’s expectations of senior public service managers for good public service management. As shown below, MAF is structured around 10 key elements that collectively define “management” and establish the expectations for good management of a department or agency.



The MAF process includes annual assessments which can be used to identify management strengths and weaknesses in individual departments and agencies and ultimately on a government-wide basis. For each of the last three years, Western Economic Diversification Canada (WD) has received high assessments, continually building upon past performance.

ANNEX D:

Planned Audits and Evaluation

| Activities | 2010-2011 | 2011-2012 | 2012-2013 |
|-----------------|--|--|--|
| Internal Audits | 1. Grants & Contributions (Gs&Cs) - Monitoring and Payments | 1. Community Adjustment Fund (CAF) & Recreational Infrastructure Canada (RInC) | 1. Gs&Cs - Due Diligence and Approval Processes |
| | 2. Follow-up Audit - Governance | 2. Gs&Cs - Project Performance Information | 2. Conditional Grants |
| | 3. Regional Operations - BC | 3. Regional Operations - Ottawa Office | 3. Follow-up Audit - Infrastructure Programs |
| | 4. Regional Operations - SK | 4. Staff Development Strategies and Processes | 4. Year-end Procedures |
| | 5. Regional Operations - AB | 5. Follow-up Audit - Financial Readiness Assessment | 5. Resource Planning and Allocation |
| | 6. Regional Operations - MB | 6. Departmental Performance Measurement | 6. Communications |
| | 7. Information Management/ Information Technology Governance | 7. Canada Business Service Centres | |
| | | 8. Quality Assessment Review - External Assessment | |
| Evaluations | 1. Entrepreneurs with Disability Initiative | 1. Western Economic Partnership Agreement | 1. Women's Enterprise Initiative |
| | 2. Mountain Pine Beetle Initiative | 2. CAF & RInC | 2. Francophone Economic Development Organizations |
| | | | 3. Western Diversification Program 1 (Community Economic Development) |
| | | | 4. Western Diversification Program 2 (Entrepreneurship and Innovation) |