



Government
of Canada

Gouvernement
du Canada

Pacific Economic Development Canada

Welcome: October 26, 2021

Canada 



Dear Minister Sajjan,

Congratulations on your appointment as Minister of International Development and Minister responsible for Pacific Economic Development Agency of Canada (PacifiCan).

We are interested to learn what you heard on the campaign trail and your immediate priorities. We also look forward to your direction on the Budget 2021 pandemic recovery programs and the rollout of PacifiCan as it evolves from Western Economic Diversification Canada.

In August, two dedicated regional development agencies for the Prairies and British Columbia were established in recognition of the different economic realities of each region. They are expected to be more present in more communities. The ultimate goal is a sustainable and inclusive economy that provides jobs people can rely on.

Prior to Budget 2021, our team was working well past exhaustion to deliver a historic level of support to help small and medium-sized businesses survive the pandemic. Key factors have been keeping supply chains working and employment relationships intact.

Budget 2021 created a large number of new time-limited programs for PacifiCan to deliver. An immediate challenge will be how we balance due diligence with speed in finalizing good projects that can be delivered this year. There is also a need to look at the policy for some of the Budget 2021 programs given the evolution of the pandemic since that time. BC remains in a fourth wave. A particular concern is the degree of business debt.

Attached is written material that I hope will help you get underway. However, everyone's learning style is different and interests vary. So, please let me know how we can best support you specifically and what is of particular interest to you.

If you have any questions, please feel free to contact me at 780-495-5772. For practical matters, please contact the departmental concierge Sharan Evani at 236-335-4091.

On behalf of the more than 110 public servants located across BC and in Ottawa who stand ready to help you succeed: welcome!

Sincerely,

Dylan Jones
President, Pacific Economic Development Canada

Ministerial Key Messages

Pacific Economic Development Canada (PacifiCan)

- I am honoured to serve Canadians and British Columbians as the new Minister responsible for Pacific Economic Development Canada.
- The pandemic has ripped through communities, businesses and families, challenging us all. After more than a year and a half of fight with the virus, I know that British Columbians want to focus on moving forward.
- We will be laser-focused on economic recovery. And for the very first time, BC businesses, innovators and communities have a *dedicated* federal economic development partner in this effort.
- PacifiCan is building on the input provided by leaders, partners and clients over the past year. British Columbians told us they wanted a more active partner with greater on-the-ground presence across the province. We listened.
- Over the coming months, in addition to delivering economic recovery programs, we will be expanding beyond our existing office in Vancouver with new service locations throughout B.C: Victoria, Kelowna, Campbell River, Prince Rupert, Prince George, Fort St. John, Cranbrook, and Surrey, which will become our headquarters.
- This expansion is not about offices. It is about better connecting communities and sectors across the province to enhanced service, high-impact investment and advocacy efforts that are laser-focused on BC's most important interests in Ottawa. It will be how we breathe life into the promise of a new federal economic development agency for in BC, for BC.
- We have much to do together. It's time to get to work.



**Pacific Economic Development
Canada (PacifiCan)
&
Prairies Economic Development
Canada (PrairiesCan)**

Minister's Welcome

PacifiCan & PrairiesCan: Building on WD's Success

- The 2020 Fall Economic Statement announced the intention to create separate regional development agencies (RDAs) for British Columbia and the Prairies.
- On August 6, 2021, Prairies Economic Development Canada (PrairiesCan) and Pacific Economic Development Canada (PacifiCan) were officially created from the former department of Western Economic Diversification Canada (WD).
- Since 2011, WD has touched over 840 communities, over 5,700 for-profits, over 1,500 not-for-profits, and supported as many as 86,000 jobs. Western Canadians expect us to do even better.



Public Expectations

- The creation of the agencies raised public expectations due to increased funding and the announcement of new service locations.
- Current focus is standing up the new agencies and delivering an impressive suite of time-limited recovery programs. These priorities will require considerable attention in the coming months.
- Budget 2021 increased per capita funding to PrairiesCan by 72% and PacifiCan by 76%. This is tremendous progress but does not resolve the differential with other regions. Funding is now approximately 67% of the per capita average of the other RDAs.

2021-2022 Agency Budgets

PacifiCan Core Funding	\$108.6M
PrairiesCan Core Funding	\$236M
Time-Limited Grants and Contributions Funding- Combined between agencies	\$336M



Mandate and Roles

To grow and diversify the BC and Prairie economies and advance their interests in Ottawa, the two agencies:

Invest

Create jobs and growth via strategic investments and targeted initiatives



Pathfind

Help people navigate federal economic programs and services



Competitive and Innovative Businesses

Thriving Communities



Advise

Inform economic decision-making and advocate for BC and Prairie interests

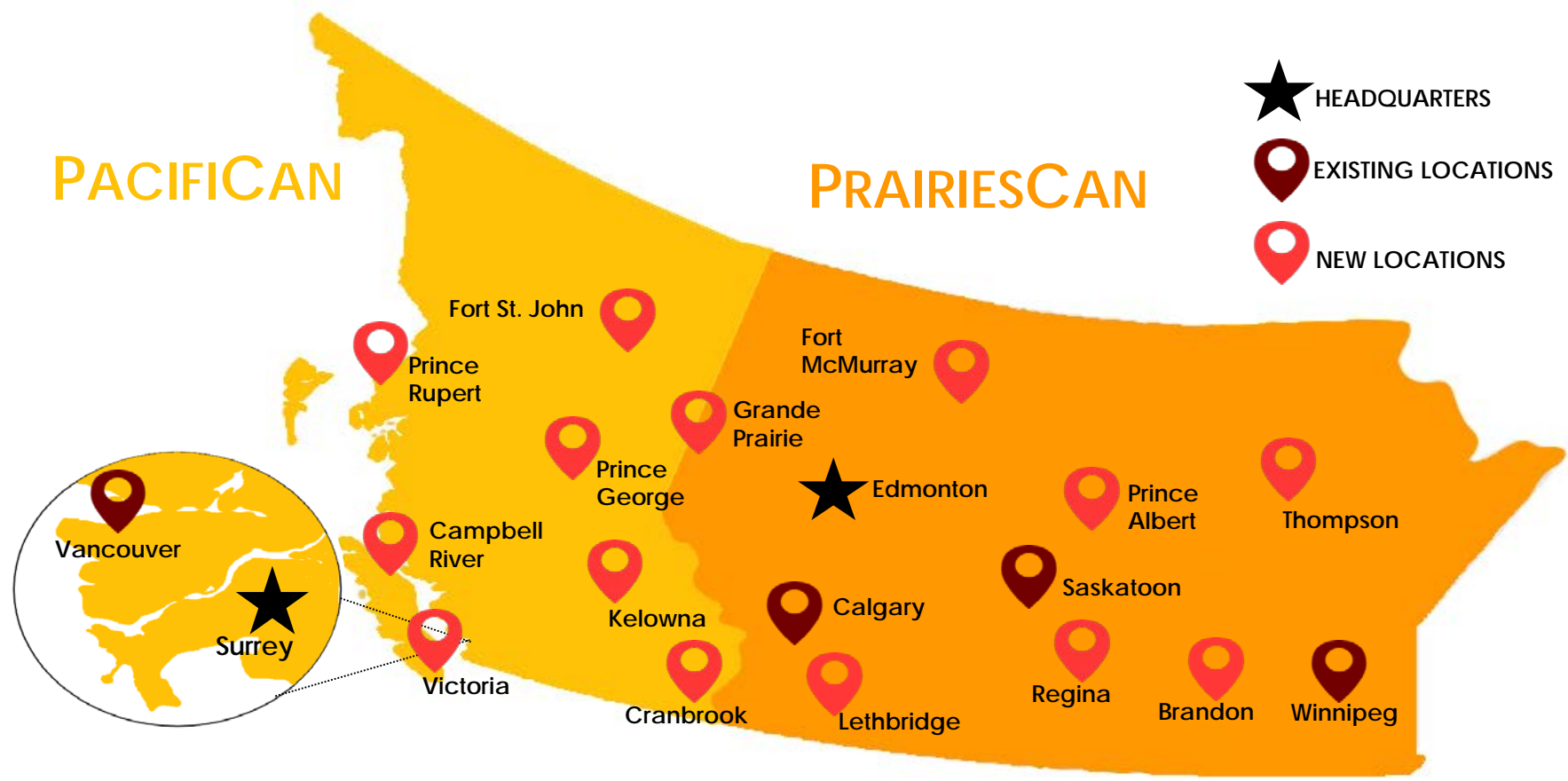


Convene

Connect economic actors to support collaboration and growth

Meeting Public Expectations: Presence in More Places

New service locations were announced in August 2021



The Regional Relief and Recovery Fund (RRRF)

Keeping People Employed

- RDAs quickly delivered RRRF with the intention to help every business that needed it. They transformed program design to deliver support at an unprecedented pace. These efforts helped keep Canadians employed during a volatile time.
- Demand for RRRF in Western Canada (\$1.78B) was higher than in all other regions combined (\$1.76B).
- With a focus on liquidity, the RRRF was a last resort measure that helped SMEs that were hardest hit by the pandemic and were unable to access or had exhausted other federal government relief measures.
- The success of RRRF raised public expectations of RDAs. PacifiCan and PrairiesCan have the opportunity to exceed these expectations as the western Canadian economy continues to recover.



\$715M in approved funding



10,024 businesses and organizations assisted



49,983 jobs directly supported

(WD totals, as of September 30, 2021)

How We Help: Core Programs

The main ways the agencies fund businesses, not-for-profits, and communities:

Regional Growth Through Innovation

Regional Innovation Ecosystem: funding for not-for-profit organizations to support innovative entrepreneurship

Business Scale-up and Productivity: support for innovative, high-growth businesses to scale-up

Community Development and Diversification

Support for economic growth and diversification of communities

Economic Development Initiative

Support for projects in official language minority communities.

Western Canada Business Service Network

Helping entrepreneurs start or expand small businesses, including rural areas and underrepresented groups.



How We Help: Time-Limited Program Delivery

The agencies also deliver one-time programming to respond to urgent regional and community needs, including those arising as a result of the pandemic.

Current initiatives include:

Women Entrepreneurship Strategy	Black Entrepreneurship Program	Regional Relief and Recovery Fund	Regional Air Transportation Initiative
Canadian Seafood Stabilization Fund	Jobs and Growth Fund	Tourism Relief Fund	Support for Major Festivals and Events
Canada Community Revitalization Fund	Preparing Canada's Aerospace Sector for Recovery	Launching a National Quantum Strategy	Canada Coal Transition Initiative



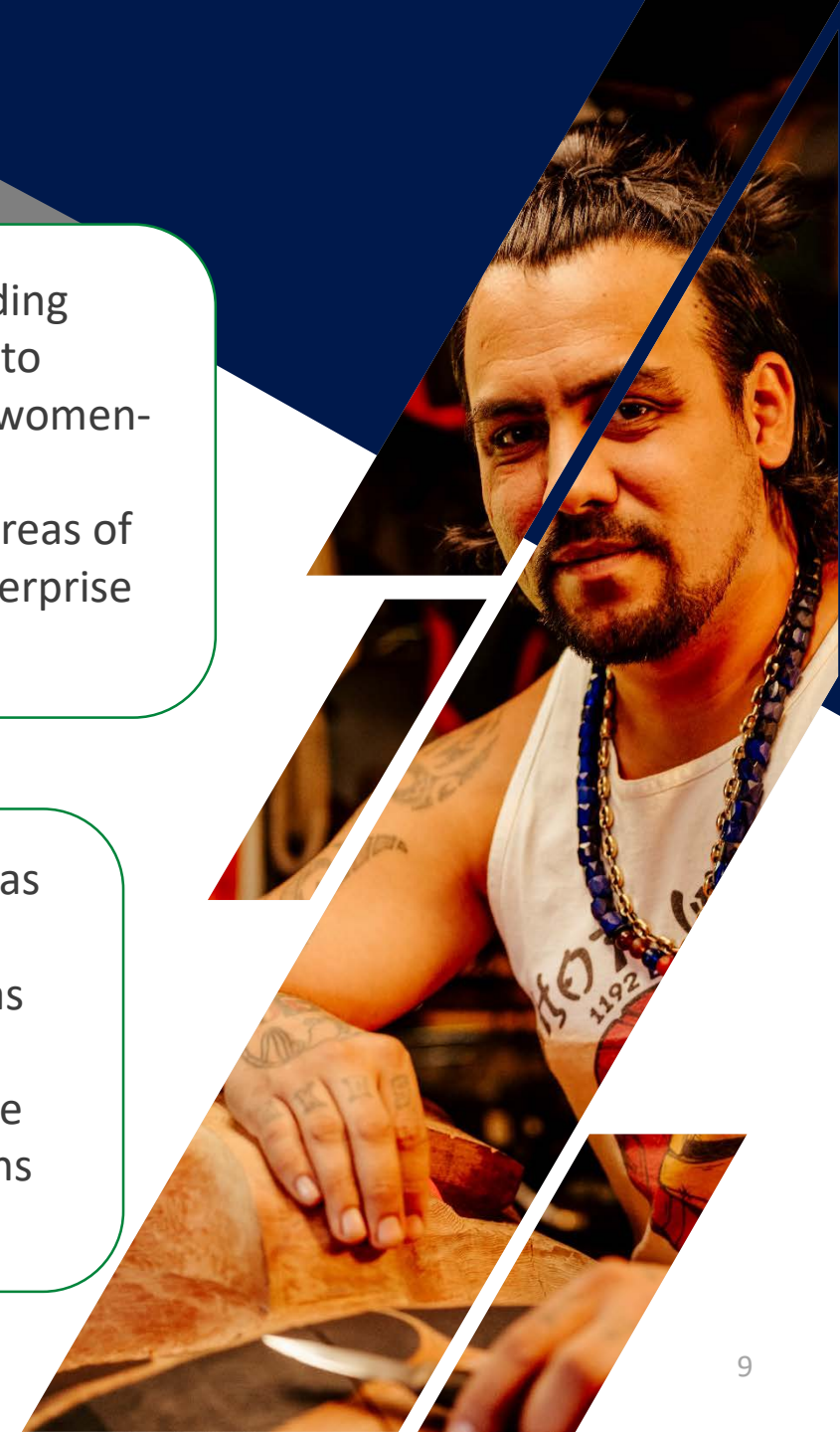
What Clients Say

“... the game-changer was the Women Entrepreneurship Fund from WD which helped us to excel. It helped us to opportunities which we never thought of. Today we are innovating things, we are creating things, we are going towards AI, we are providing solutions which can be so beneficial for non-profits.” – Sumegha Gupta, NSD Tech Inc. (Winnipeg, MB)

“The support from WD has meant we've not just retained our team but we've kept on hiring right through the pandemic.” – Cory Janssen, AltaML (Edmonton, AB)

“Thanks to the increased funding from PacifiCan, we were able to provide proactive support to women-owned businesses who were impacted by COVID-19 in all areas of BC.” – Jill Earthy, Women’s Enterprise Centre BC (Kelowna, BC)

“The support from WD Canada has helped us immensely with the growth of the company, and it has allowed us to actually hire more employees.” – Andréanne Mulaire Dandeneau, Anne Mulaire Designs (Winnipeg, MB)



The View from BC



Two Economies

- Growing urban areas driven largely by service sector expansion (e.g. real estate) and immigration.
- Rural communities more reliant on resource extraction, impacted by price fluctuations, environmental action.
- Affordability, skills shortages, and sources of future growth are challenges.

Pandemic Impacts

- BC's overall unemployment rate was 5.1% in February 2020 and 13.4% in May 2020. It was 6.2% in August 2021, third-lowest among provinces.
 - Among Indigenous people in BC, the unemployment rate rose from 6.5% in Aug 2019 to 16.1% in August 2021.
 - Among youth, the unemployment rate rose from 9.4% in Feb 2020 to 28.7% in May 2020. It was 10.7% as August 2021.
 - Among women, the unemployment rate was 4.9% in Feb 2020, 14.1% in May 2020, and 5.9% in August 2021.
- According to Canadian Federation of Independent Businesses survey data, BC SMEs have accumulated an estimated \$17 billion in additional debt due to COVID-19 as of August 2021. The average debt taken on by BC SMEs due to COVID-19 is lower than in Alberta and Ontario but higher than Quebec and the Atlantic provinces.

Disasters Deepen Impact

- Heat and wildfires: area burned in 2021 was double 10-year average. Kamloops area was most affected, followed by Prince George and Cariboo regions.
- 2019 Fraser River landslide and declining stocks resulted in mandated closure of 60% of BC salmon fisheries and continues to affect 140 First Nations (of 206 total in BC). This impacts the fish available to Indigenous people for food, economic and ceremonial purposes.

Uneven Recovery

- BC GDP growth projected to be third among provinces in 2021 at 6.2% (6.7% in Alberta, 6.4% in Quebec, 5.7% in Ontario).
- Tourism (3.4% of BC GDP in 2018) and other international travel-dependent industries (airlines, cruise ships) face a potentially long recovery.
- Firms in high-potential clusters (e.g. life sciences and clean technology) report challenges to anchoring in BC while scaling up for international markets.
- Continued need to reconcile economic growth with environmental protection and Indigenous rights. Tensions playing out in old growth logging conflicts, port expansions, and liquid natural gas and hydrogen developments.

The View from BC

Key sectors and trends

Real Estate and Housing

Real estate and rental leasing was 20% of BC GDP in 2020, highest of all provinces. Housing affordability and security are major concerns, particularly in urban areas.

Emerging Innovative Sectors

BC has strengths in digital and clean technology, life sciences, agri-tech, quantum, and artificial intelligence. Opportunities exist to support growth in these sectors, but many face challenges scaling in BC while attracting capital, customers, and skilled workers.

Canada's Gateway to the Pacific

The Port of Vancouver handles \$1 of every \$3 of Canada's trade in goods outside of North America. In the north, the Port of Prince Rupert is growing, handling 71% more cargo in 2020 than in 2016. Continued growth requires reducing infrastructure bottlenecks, applying technology and adding more value to goods moved through BC ports.

Clean Resources

Mining, forestry, and natural gas provide critical goods and exports and are major employers in rural and Indigenous communities. To reduce emissions and grow, industries need to increase productivity, adopt clean technologies/processes and reskill workers. Opportunities exist to leverage BC strengths in hydrogen and carbon capture utilization and storage.

Indigenous Economy

BC is home to 16% of Indigenous people in Canada and 47% of Indigenous businesses. The evolving context of rights and jurisdiction is changing economies. In some areas First Nations are leveraging land to become major economic players: a partnership in Metro Vancouver holds over \$1 billion in property and Osoyoos Indian Band is one of the largest employers in Southern Okanagan. In rural areas, continued resource development relies on First Nations participation.

Ocean Industries

In 2018, direct activities of the ocean sector in represented about 5.1% of provincial GDP. Opportunities to grow this contribution exist in marine renewable energy, ocean-related innovation and technologies; and the ship and boat building and repair sector.



The View from the Prairies

Dual Economic Crises

- Prior to COVID-19, the economy was already struggling due to weakness in many commodity prices (e.g., oil, uranium, potash).
- Alberta and Saskatchewan's economies stagnated following the oil downturn of 2015-16, and exhibited further signs of weakness in 2019. They were the only two provinces showing signs of economic recession before the pandemic.
- Investment on the Prairies declined sharply, and has not recovered. Current capital expenditures are at their lowest point in over a decade, although investment per capita still remains over 65% above the national average.
- As a result of the pandemic, Alberta experienced an 8.2% contraction in GDP between 2019 and 2020, the largest decline among the provinces. Saskatchewan faced a 5.2% decline and Manitoba 4.8%.

Signs of Recovery

- After 17 months of the pandemic, the economy is starting to recover.
- Saskatchewan and Manitoba are anticipated to reach highs in economic output in 2021.
- Alberta, though poised to lead the nation in growth, will still have a smaller economy than in 2019, or 2014 due to the persistent effects of the 2015-16 oil downturn.

Labour Market Challenges

- August 2021 data shows employment is nearing pre-pandemic levels.
- Unemployment rates are close to pre-pandemic levels and, outside of Alberta, below the national average (7.1%).
 - Alberta's rate (7.9%) is 0.4 percentage points (ppts) above Feb. 2020.
 - Saskatchewan's rate (7.0%) is 0.7 ppts above Feb. 2020.
 - Manitoba's rate (5.7%) is 0.6 ppts above Feb. 2020.
- Labour market challenges, such as under/unemployment in particular demographic groups, persist.
 - The youth unemployment rate (12.5%) is lower than Feb. 2020, but almost a percentage point above national rate (11.6%)
 - The Indigenous unemployment rate is 11.4%.

The View from the Prairies

Key sectors and trends

Natural Resources

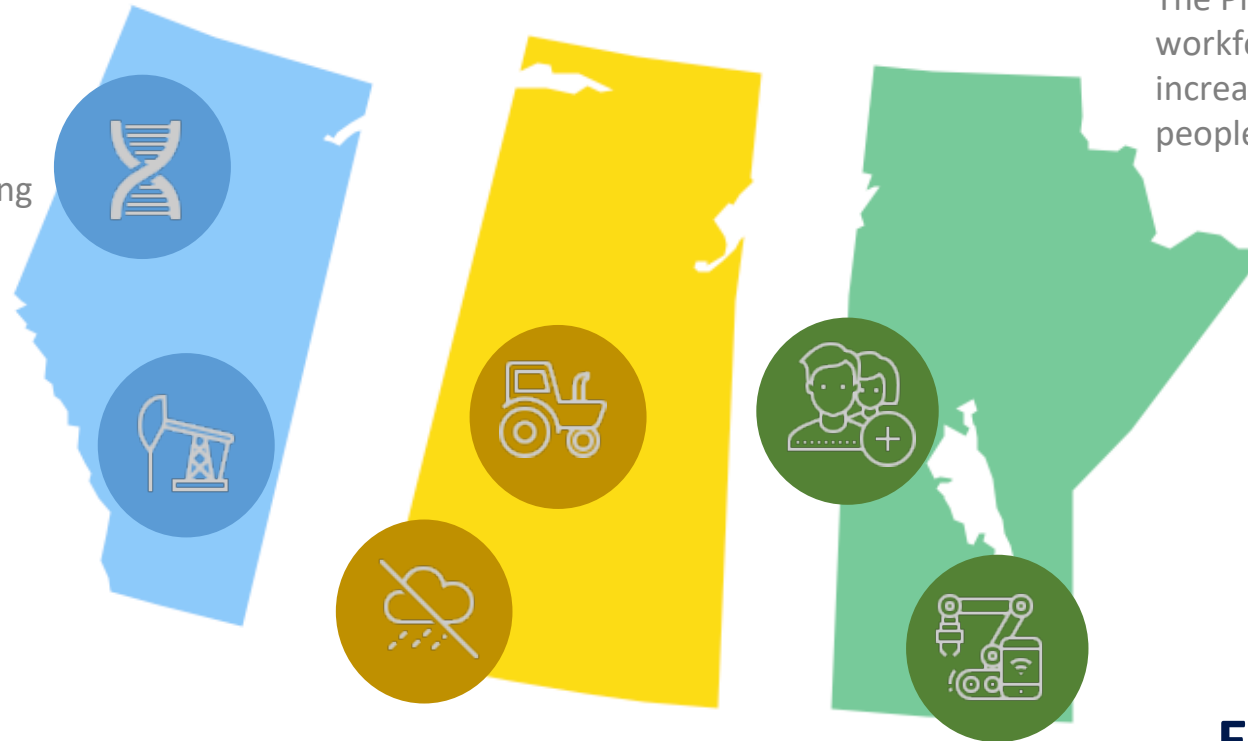
Resource industries have been impacted by the pandemic, price volatility, and pressures to transition the global economy away from carbon-based energy. Opportunities exist to apply industry expertise to new and emerging clean energy sectors: hydrogen, bio refining, petrochemicals.

Drought

Severe drought conditions on the Prairies this summer resulted in a dire situation for agricultural producers, the economic impacts of which are still not fully known.

Pandemic Impacts

Pandemic impacts coupled with weak potash, uranium, oil, and natural gas prices, led to considerable slowing of the Prairie economy. Investment in the Prairie provinces has declined sharply and has not recovered. Current capital expenditures are at their lowest point since 2009.



Workforce Development

The Prairies are home to a young, skilled workforce, that could be bolstered with increased participation among Indigenous peoples, women, and youth.*

Value-Added Agriculture

Home to over 80% of Canada's farmland. Access to adequate water and infrastructure to support irrigation farming, prairie farmers and agri-food producers would enhance plant protein and food production.

Emerging Sectors

There are developing capacities in digital technology, advanced manufacturing, and life sciences to build resilience and diversity.

*Nearly two-thirds (64%) of the population of the Prairies has at least one post-secondary certificate, diploma or degree, comparable to the Canadian average (Statistics Canada). There are significant potential economic gains (GDP) in closing participation gaps for women and Indigenous peoples (McKinsey, National Aboriginal Economic Development Board).

Immediate Challenges

- **Standing Up New Service Locations**

- The agencies are establishing 8 new service locations in British Columbia and 7 new service locations in the Prairies. This is an increase from WD's previous 5 locations across the West. Efforts involve securing central agency permissions, hiring new staff, and securing office space.

- **Slow Uptake of Pandemic Support Programming**

- Uptake for some recently announced pandemic support programs is slower than expected. Both the fourth wave of COVID-19 and the fact that businesses are carrying significant debt and are hesitant to take on more may be contributing. This could result in the agencies "lapsing" unspent funding at the end of the fiscal year.

- **Speed of Execution**

- Some projects are awaiting approval and many more projects are coming. Many of these projects involve funds that must be spent by end of the fiscal year (March 31, 2022). Timely approval of projects is needed for recipients to be able to incur eligible expenses by year-end.

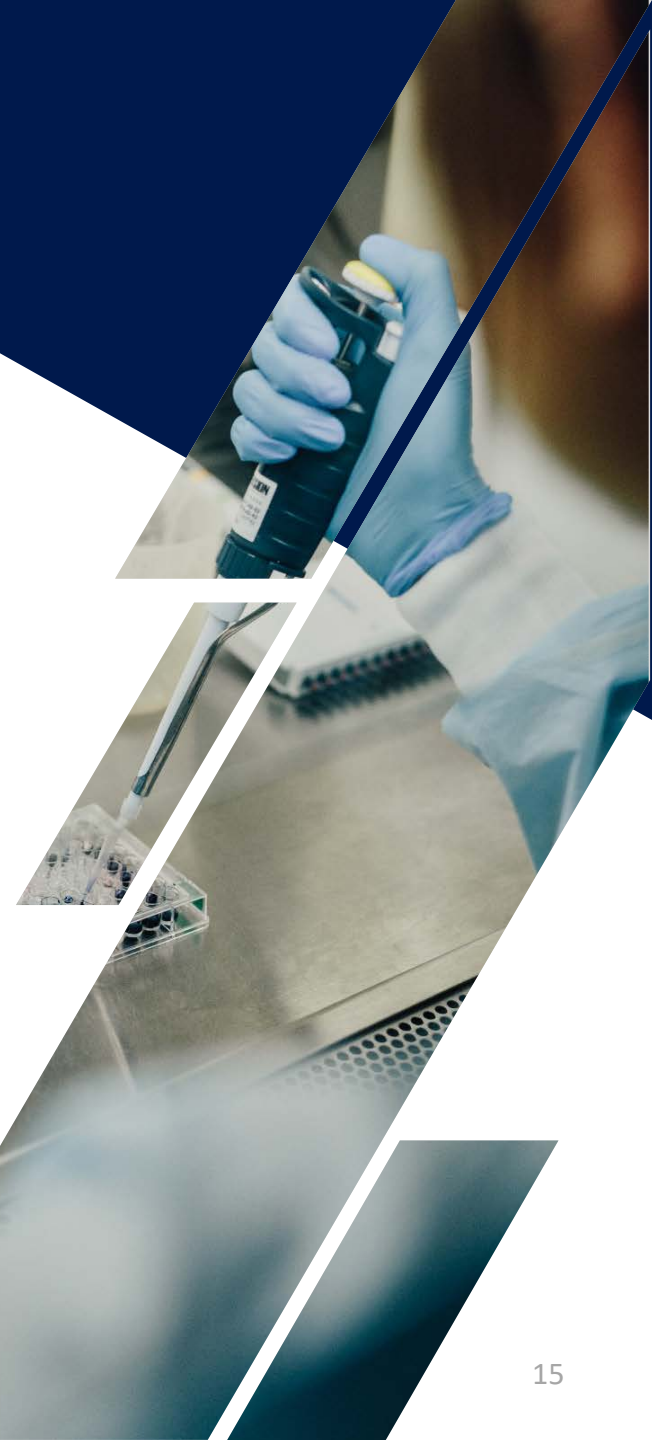
- **Performance Audit**

- The Office of the Auditor General (OAG) is currently auditing the RRRF program to assess its efficiency, effectiveness, and reporting. The findings are scheduled to be published in fall 2021. It is likely the OAG will assess the program without adequate attention to it being an emergency program delivered on a rapid, regionally-focused basis.



Key Outreach Opportunities

- The campaign trail provided an opportunity for you to engage with Canadians about what matters most to them. We are keen to learn what you heard.
- In the short-term, we recommend gauging the temperature of key stakeholders. Outreach could focus on how stakeholders can support us to execute well on existing commitments and ensure those who need our help get it as soon as possible.
- We would be pleased to brief you on focused outreach opportunities that could help build positive working relationships and assist us in delivering on our commitments at your convenience.



The Liberal Party Platform: Forward. For Everyone.

- PrairiesCan and PacifiCan are positioned to help to deliver commitments outlined in the Liberal Party of Canada electoral platform and to support other inclusive policy and governance initiatives.

Relevant Platform Commitments

- Establishing a \$2B Futures Fund for Alberta, Saskatchewan, Newfoundland and Labrador.
- Continuing to strengthen RDAs, so rural and small communities have the support they need right where they are.
- Creating a strategy to support entrepreneurs in official language minority communities to ensure their vitality through RDAs.
- Restoring more than 1 million jobs and bringing all businesses along to recovery (support for tourism, arts and culture).
- Helping small businesses grow (digital adoption) and building our advantage in cutting-edge innovation (National Quantum Strategy).
- Helping Indigenous businesses grow.

Forward. For
Everyone.

Finishing the
Fight Against
COVID-19

A Home. For
Everyone..

Better
Healthcare. For
Everyone.

A More Resilient
Economy

A Greener,
Cleaner Future

Reconciliation

Platform Commitment Dashboard

Platform Commitment	Status	Potential roles for PacifiCan and PrairiesCan
\$2 billion Futures Fund for Alberta, Saskatchewan, Newfoundland and Labrador	New	Early engagement with ESDC on design/delivery; share lessons learned from existing Just Transition Coal program delivered by RDAs.
Continue to Strengthen RDAs		Immediate term: Standing up new agencies and enhanced points of service; delivering pandemic recovery funding (Budget 21) Downstream possibilities: Community Economic Development, Building Back Better programming.
Create 1 Million Jobs	Continuing work	Help reach target through existing and recovery programming.
Blue Economy Strategy		Work with DFO on Regional Ocean Industries Growth Fund.
Quantum Strategy & Digital Adoption		Ensure alignment with regional ecosystem partners; continue to work with ISED on Quantum Strategy roll-out.
Indigenous Businesses		Focus on better leveraging existing programs for Indigenous businesses; build relationships/capacity in the longer term.

Platform Commitments- Advice

- Substantial work remains for the agencies to deliver on commitments from the last mandate.
- Our advice for the immediate term is that PacifiCan and PrairiesCan remain focused on existing commitments including:
 - standing up the new agencies;
 - establishing new service locations; and
 - delivering pandemic recovery programming.
- A number of platform commitments will be led by other federal departments. We encourage continued collaboration and coordination with them.



For More Information...

- We would be pleased to provide subsequent briefings on the agencies, our programs and services, hot issues, or any other topics of interest.



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