

Atlantic Canada Opportunities Agency



**2005-2006
Estimates**

Part III - Report on Plans and Priorities

Minister of ACOA

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Section I – Overview

Minister's Message

In the 2005 Budget, the Government of Canada confirmed its commitment to building a stronger regional economy by identifying \$708 million over five years for economic development in Atlantic Canada.

As a direct result, the Atlantic Canada Opportunities Agency's (ACOA) main priority will be to lay the groundwork for a comprehensive response to *The Rising Tide*, the Government's strategy for economic development in Atlantic Canada. This strategy forms an integrated approach consistent with national priorities articulated in the October 2004 Speech from the Throne.

As a cornerstone of the strategy, Budget 2005 confirmed the renewal of ACOA's \$300-million Atlantic Innovation Fund to support university research, commercialization and innovative companies in the region.

Indeed, Budget 2005 specifically singled out the Atlantic Innovation Fund for its excellent work in promoting stronger linkages between universities and the private sector. These are essential to the development of new, marketable technology-based products, processes and services. These partnerships support research and commercialization in key growth sectors such as information technology, aquaculture, offshore oil and gas technologies and life sciences.

To implement other elements of *The Rising Tide* strategy, the Budget also identified \$290 million in support of a new Innovative Communities Program to diversify the economies of vulnerable communities, and initiatives to strengthen human capital, trade, investment and tourism in Atlantic Canada.

In the area of enterprise development, the Agency will continue to foster the growth and competitiveness of small and medium-sized businesses in Atlantic Canada by supporting efforts to build the region's innovation capacity, entrepreneurship and business skills capabilities, and trade and investment opportunities.

ACOA will also work to bolster the economic health of the region's communities by promoting better co-operation and co-ordination among partners, strengthening local strategic planning processes, increasing the availability of investment capital, and creating more and better sustainable jobs, particularly in rural areas.

As always, the Agency will continue to champion the region, and ensure that its programs and activities meet the real and relevant needs of the people of Atlantic Canada.

To fulfill its mandate, ACOA has concentrated its energies and resources on enhancing the growth of earned incomes and employment opportunities in a wide variety of sectors throughout the four Atlantic provinces. Working with partners in government, business, the economic development community, municipalities, finance and academia, ACOA has developed and administered policies and programs designed to improve productivity, encourage innovation and technology adoption, and speed export growth.

The conclusion is clear: because of ACOA and its partners, more businesses in Atlantic Canada are surviving and thriving. As the Agency enters the next fiscal year, the good work will continue.

The Honourable Joseph McGuire
Minister
Atlantic Canada Opportunities Agency

Summary Information

Agency Context

The Government of Canada remains committed – indeed, it is a legislated requirement – to reducing regional disparities and ensuring that Canadians in all parts of the country benefit from a strong economy and the services that such an economy can provide.

It is within this context that the Atlantic Canada Opportunities Agency (ACOA) is mandated to tackle the economic development challenges facing Atlantic Canada, identify and address structural weaknesses in the economy, help communities and businesses overcome barriers, and find new opportunities for growth. It is also within this context that ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

ACOA works in partnership with Atlantic Canadians to improve the economy of communities in the region. This is accomplished through a regional strategy that aims to improve economic performance and enhance the region's competitiveness. Working with partners in all levels of government, the private sector, academia and non-governmental organizations, ACOA seeks to advance the government's agenda for economic opportunities and innovation in order to serve the needs of businesses, organizations, individuals and communities in Atlantic Canada.

For more information on ACOA partners, see the Web site:

<http://www.acoa-apeca.gc.ca/e/library/reports/rpp2005/index.shtml>

ACOA offers a broad range of programs and services designed to improve the climate for business growth. These business development tools and resources are available to Atlantic entrepreneurs throughout all stages of the business life cycle, from the time they are thinking about setting up a new business, to the time they are planning for growth and expansion.

Agency Plans and Priorities

The main priority of the Agency in the coming year will be laying the groundwork for *The Rising Tide*, the Government of Canada's strategy setting the course for the development of Atlantic Canada over the next five years. The strategy addresses not only economic development, but social economy and social enterprise as well. This is an integrated approach, consistent with national priorities. The October 2004 Speech from the Throne outlined a five-point plan for building a more sustainable and globally

Raison d'être:

The Agency's mandate is derived from Part I of the Government Organization Act, Atlantic Canada 1987, R.S., c G-5-7, otherwise known as the Atlantic Canada Opportunities Agency Act. Its purpose is to "increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region."

competitive economy: investments in people; strengthening Canada's ability to generate and apply new ideas; smart government; regional and sectoral development; and promotion of trade and investment. The Agency continues to respond to all five points of this plan, with a particular focus on regional and sectoral development. ACOA will accomplish this within the overall framework of its Program Activity Architecture (PAA).

PAA Framework – Strategic Outcomes

1. *Enterprise Development*
2. *Community Development*
3. *Policy, Advocacy and Co-ordination*

Enterprise Development

Critical to developing an innovative economy is fostering the start-up, growth and competitiveness of Atlantic small and medium-sized enterprises (SMEs). This is achieved through investment in areas such as venture capital, SME skills and training, research and development, expanding trade and promoting foreign direct investment.

To achieve these results, ACOA will focus on:

1. *Innovation* – strengthening innovation systems, supporting strategic sectors, building innovation capacity, addressing skills gaps, carrying out a stronger federal innovation advocacy role, and improving regional co-ordination.
2. *Entrepreneurship and business skills development* - creating an environment in which entrepreneurship is widely perceived as a career option and life-long learning is part of Atlantic Canada's business culture. Emphasis is also placed on skills development; entrepreneurship education, particularly among young Atlantic Canadians; and the development and growth of women and Aboriginal entrepreneurs.
3. *Trade and investment* - increasing the level of export activity and foreign direct investment in Atlantic Canada. This approach is focussed on five main elements: awareness; skills development; capacity building; policy, advocacy and co-ordination; and investment attraction and development.

Enterprise Development – Key Areas:

1. *Increasing the capacity to conduct and commercialize R&D*
2. *Increasing exports and attracting more foreign investment*
3. *Stimulating the growth of entrepreneurship and business skills development*

Community Development

Given that a larger portion of Atlantic Canada's population is based in rural areas than is the case for Canada as a whole, developing the strength of these communities is one of ACOA's priorities.

ACOA's vision with respect to community development is to create viable and sustainable Atlantic Canadian communities that have the resources and capacity to take full responsibility and accountability for their own economic development. Recognizing that the region is built on the strength of its many communities, the Agency works to

empower and help them achieve their economic development goals, and to ultimately create increased economic opportunities for Atlantic Canada. ACOA works in partnership with other government departments, community groups and non-government organizations to lever support and co-ordinate economic development efforts.

In the next year, the Agency will continue to be committed to:

- promoting co-ordination and co-operation between community economic development (CED) partners in Atlantic Canada;
- strengthening the community strategic planning process;
- increasing availability of business capital in rural communities;
- creating sustainable jobs in these communities; and
- encouraging community ownership of CED activity, and empowering communities to direct their own future.

Policy, Advocacy and Co-ordination

The Policy function centres on how ACOA makes decisions and how it relates to and influences the decisions of others. ACOA performs this role by means of discrete research, ongoing analysis of issues and trends, and through events such as roundtables and conferences that engage other parties and stakeholders. It also performs this role by active participation in the interdepartmental policy development process. Research projects contributed significantly to determining the areas in which ACOA acts to most effectively carry out the Agency's mandate. For example, a series of research projects assisted in understanding the processes of innovation in Atlantic Canada and the particular challenges the region faces. Information on the research projects can be found on ACOA's Web site at: <http://www.acoa-apeca.gc.ca/e/library/index.shtml>.

The Advocacy role has two main thrusts: to maximize regional industrial benefits from major federal procurement contracts; and, to help ensure that national policies and programs have due regard for Atlantic Canada's interests. The role of Co-ordination within ACOA is to provide leadership on major economic issues and in the management of special projects and key initiatives.

Initiatives to be addressed in 2005-2006:

- Co-ordinating the Government's response to *The Rising Tide* strategy
- Engaging economic partners in addressing:
 - Immigration
 - The Government of Canada's New Deal for Cities and Communities
 - Development of offshore oil and gas
 - Innovation
- Monitoring and engaging with lead departments on issues such as:
 - Regional and sectoral strategies
 - Aquaculture
 - Aboriginal development
 - Social economy

Resources

Priorities (all priorities are ongoing)	Planned Spending (\$ millions)		
	2005-2006	2006-2007	2007-2008
Enterprise Development	266.9	208.0	208.6
Community Development	154.3	58.4	58.1
Policy, Advocacy and Co-ordination	16.7	16.3	16.2
Total Financial Resources	437.9	282.7	282.9
Human Resources (Full Time Equivalents)	678	584	580

Management Priorities

As a federal agency, ACOA operates within the context of federal government policies and guidelines concerning the management of services to the public and the accountability of departments and agencies to Parliament for expenditures and performance. Increasing service delivery options for Atlantic Canadians continues to be a priority for the Agency. This is achieved through service transformation initiatives and an active presence in communities across Atlantic Canada. The management priorities are: Service to Canadians and Modern Business Management.

Service to Canadians

The October 12, 1999, Speech from the Throne committed the Government of Canada, through its departments and agencies, to be the most connected country in the world. New technology is opening the door to seamless government. ACOA's response – ACOA Direct. First unveiled in 2004, ACOA Direct – a 'client portal' or Internet-based system designed to allow ACOA's clients to conduct business with the Agency electronically – was developed to continually improve the Agency's service to its clients. ACOA Direct is part of the Government of Canada's and ACOA's overall plan to deliver its programs, service and information via the Internet. It represents a key component in the Agency's vision to improve service delivery to clients, and to Atlantic Canadians in general.

The many features available through ACOA Direct allow clients to save time on administration so they can spend it where it counts the most – on building a successful business. ACOA Direct will reduce the amount of time it takes to process claims, while allowing claims to be filed at the client's convenience: 24 hours a day, seven days a week. Additionally, like Internet banking services, clients can view their profile, the status of their claims and repayment schedule. As well, clients will be able to send and receive messages on-line via the Government of Canada's secure channel network – rated one of the most secure networks in the world. The Agency will expand take-up of ACOA Direct, and will investigate how government-on-line initiatives can improve the range and quality of its services.

Modern Business Management

As part of the Government of Canada's Modern Comptrollership agenda, ACOA commenced implementation of Modern Business Management (MBM) in 2001-2002.

In the next year, ACOA will start the implementation of a new action plan for Modern Business Management, which was developed to address the findings of the 2004 follow-up Capacity Review. Four focus areas have been identified to facilitate the communication of MBM:

1. Planning

This focus area will deal with issues particular to corporate planning processes, including integrating the Agency's planning processes, developing an automated planning system and implementing Agency-wide procedures.

2. Human Resources

The basic mandate of this focus area will be the development of a comprehensive framework for Human Resources Management in preparation for the implementation of the *Public Service Modernization Act* at ACOA, and dealing with various HR issues as they arise.

3. Outreach

This focus area will deal with issues related to communication with clients and stakeholders, as well as internal communications, client service delivery in general and Government On-Line.

4. Corporate Management

This focus area will support the other three focus areas to maximize the Agency's efficiency by concentrating on areas such as governance, organizational structure and knowledge management. It will look at issues particular to management strategies, training and tools for good decision-making.

An important challenge in the coming years will be to maintain the MBM focus and to use the Management Accountability Framework (MAF) to build upon and sustain the momentum achieved through Modern Comptrollership.

Since the implementation of MBM, corporate planning has taken on great importance. To ensure that planning across the Agency is enhanced, a Corporate Planning Division was created. In the next few years, the Agency will work on better integrating its planning and reporting functions. The Agency's Program Activity Architecture (PAA) will be key to linking together all of the components and activities.

Human Resources Management

In the 2001 Speech from the Throne, the Government of Canada stated that it would make "... the reforms necessary [to] ensure that the public service is innovative, dynamic and reflective of the diversity of the country [and] able to attract and develop the talent needed to serve Canadians in the 21st century." Recent studies and reports have highlighted the challenges facing the federal public service in the areas of recruitment and staffing, managing human resources and labour-management relations.

In response to these challenges, the *Public Service Modernization Act* was introduced in the House of Commons in February 2003. It is a priority at ACOA to successfully implement the *Public Service Modernization Act* and to improve the Agency's capacity for integrating human resource management with internal business planning. This will provide the Agency with more flexibility to hire the right people in the right jobs at the right time. Human resource planning will be a high priority.

In addition, a renewed focus will be placed on collaborative labour-management relations at the Agency.

ACOA will continue to ensure its workforce is representative of the Canadian population as stated in the Embracing Change initiative.

Linking ACOA's Activities/Outcomes to the Government of Canada's Outcomes

Government of Canada's Outcomes	ACOA's Response
An Innovative and Knowledge-based Economy	Innovation
Income Security and Employment for Canadians	Enterprise Development Community Development
A Secure and Fair Marketplace	Entrepreneurship and Business Skills Development
A Vibrant Canadian Culture and Heritage	Atlantic Canada Cultural and Economic Partnership Interdepartmental Partnership with the Official Language Communities Memorandum of Understanding with Industry Canada -- investment in Acadian and Francophone youth
Strong Regional Economic Growth	Enterprise Development Community Development Policy, Advocacy and Co-ordination
Sustainable Cities and Communities	Community Development
Aboriginal Peoples	Aboriginal Economic Development
Canada's Environment Protected/Restored from Pollution	Sustainable Development Strategy

Challenges, Risks and Opportunities

Economic growth in Atlantic Canada remained positive in 2004, with real Gross Domestic Product (GDP) increasing by an estimated 1.4%. Output in the goods-producing industries is only expected to rise by 0.7% in 2004, due to more moderate activity in the region's oil and gas sector as production stabilized. The manufacturing sector experienced a stronger performance in 2004 as a result of improved demand across the globe and higher commodity prices. Conditions remained strong in the construction sector as work progressed on the White Rose, Voisey's Bay and Sable Tier II projects. Economic activity in the services-producing industries (1.7%) remained solid in 2004, led by gains in business and personal services and finance and insurance.

Over the first nine months of 2004, employment in Atlantic Canada rose by 2.0%, or 21,300 individuals, compared with a 1.8% increase registered for Canada. The unemployment rate for the region averaged 11.2% during this period, down from 11.7% at the same time last year. The region's participation rate continued to do well, increasing by 0.6 percentage points to attain an average of 63.6%.

Foreign exports of commodities from Atlantic Canada rose by 5.3% over the first eight months of 2004. Commodity exports for Canada increased by 9.2% during this period. Atlantic Canada's exports to the United States, the destination for over 80% of the region's foreign shipments of goods, rose by 3.4%. Results for Atlantic Canada's major export products were mixed in 2004. Most of the rise in the region's exports resulted from increased shipments of refined petroleum products (16.4%) due to higher prices. Among forestry products, exports of softwood lumber and pulp increased (by 43.0% and 8.2% respectively), while foreign shipments of newsprint declined (-7.0%). Exports of fish products rose (3.0%) due to higher shipments of crab products, while exports of fish fell (-7.1%) as a result of lower shipments of lobster.

Economic activity in Atlantic Canada is forecast to accelerate in 2005, led by a large increase in manufacturing. The construction sector should remain strong next year as work continues on major projects. The services-producing industries are expected to perform well in 2005, led by gains in transportation, retail and wholesale trade, and business and personal services. Real GDP in Atlantic Canada is forecast to increase by 2.3% in 2005, while employment is expected to rise by 1.1%.

An economic transformation is underway in Atlantic Canada; new high-knowledge industries are being developed and traditional industries are adapting to new technology-driven competition.

The region's Knowledge-Based Economy has broadened and deepened with the development of emerging industries such as life sciences and ocean technologies, aerospace and information technology. At the same time, Atlantic Canada has continued to diversify its traditional economic base with the expansion of value-added activities in

the food, and wood and paper industries, while a new oil and gas industry has emerged and is helping to drive economic growth in the region.

Despite this rapid progress, some significant challenges remain. One of the most telling indicators of this is that, in a number of sectors, productivity remains significantly lower than in leading countries and other regions of Canada. A higher degree of competitiveness is crucial for Atlantic firms, particularly SMEs, to grow and increase their penetration in export markets.

To increase productivity, it is necessary for companies to invest in advanced technologies and worker training, and pay more attention to commercializing the results of research and development (R&D). It is necessary for these firms to become more export-oriented, both to access larger markets and, through exposure to foreign competition firms, to learn of innovative ways of doing business from technology and marketing perspectives.

Atlantic Canada remains the most rural region of Canada, and employment and economic opportunities in rural parts of the region are inhibited by the lack of access to the “hard and soft infrastructure” required to facilitate business prosperity. Social and economic investments in such things as broadband and other community infrastructure are needed to help both rural and urban areas develop their economic potential. ACOA also works with communities to implement community planning to support strategic development.

Some challenges and opportunities are common throughout Atlantic Canada, while others may be specific to one province or may be of greater importance to a particular province.

Identifying a replacement work force for an aging population is a common concern in Atlantic Canada. With a decade of out-migration from Newfoundland and Labrador, which invariably involves people who are young and educated, the province faces the prospect of skills shortages, particularly in skilled trades. Another and new challenge for Newfoundland and Labrador involves the expiration of the Multinational Memorandum of Understanding on CFB 5 Wing Goose Bay and the reduction of military training flights in Labrador.

A particular challenge for Nova Scotia is that economic growth has concentrated in the greater Halifax area, posing a challenge for rural areas of the province. Effectively responding to the cities and communities agenda – ensuring that the needs, opportunities and capacities of medium-sized regional cities are addressed in broader government of Canada policies and initiatives, while at the same time ensuring that the needs of rural areas are addressed – will be important in Nova Scotia as elsewhere in Atlantic Canada.

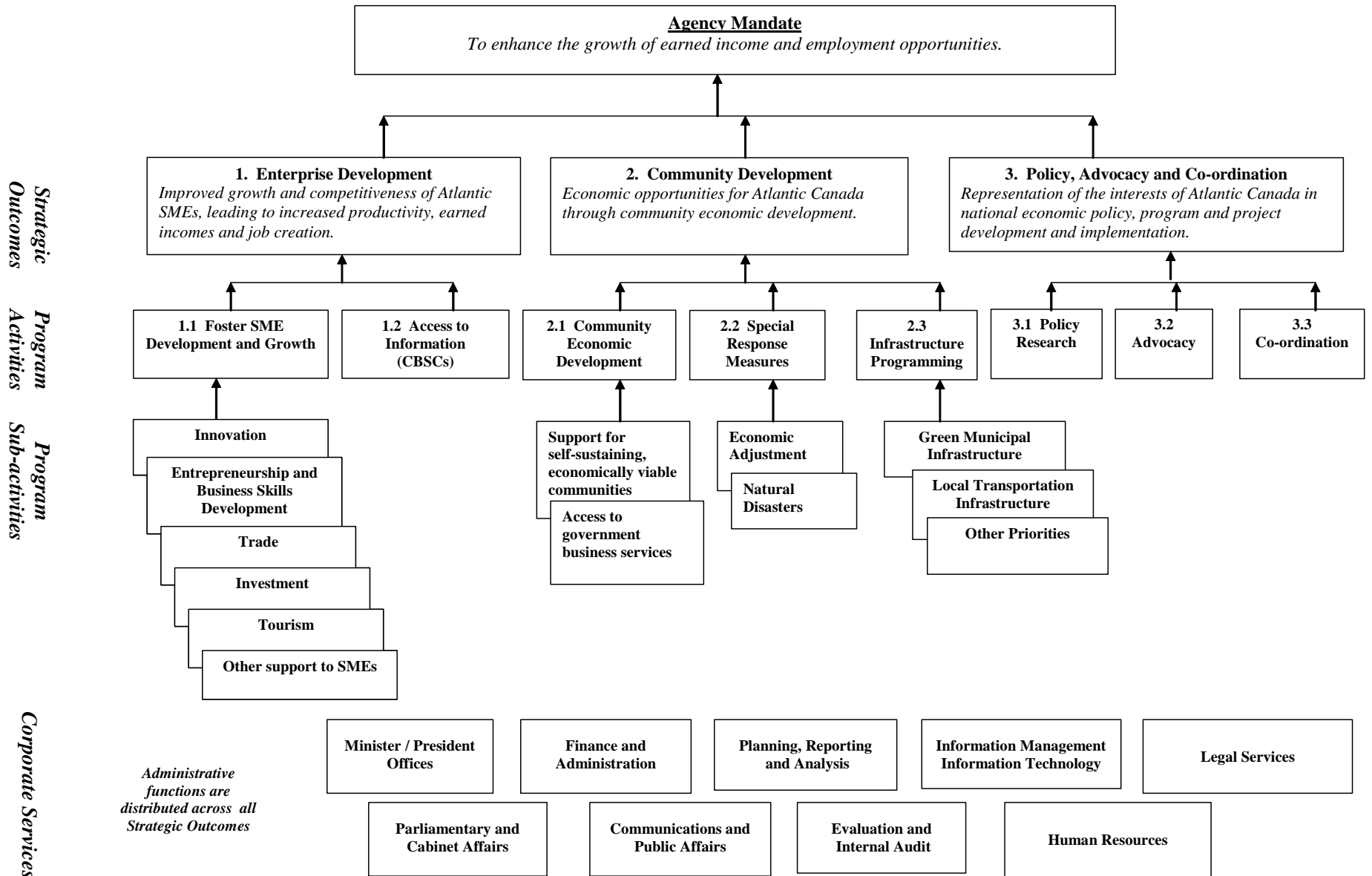
Cape Breton continues to respond to some fundamental economic challenges associated with economic restructuring. Approximately 22,500 jobs have been lost in the coal and steel industries over the last three decades, in addition to an estimated 2,300 jobs lost as a result of the closure of the ground fishery. An economic impact study entitled “The Economic Impact of the Devco Closure” by Gardner Pinfold Consulting determined that, while 1,550 direct jobs were lost as a result of the closure, an additional 950 jobs were

lost elsewhere in the economy due to a drop in spending. On the positive side, employment in the tele-service industry has meant the addition of 3,500 jobs, and this is leading to a restructuring in the type of work being done in Cape Breton. Value-added manufacturing has been a growing segment of the economy, notably auto-parts manufacturing, with potential for future expansion. Another potential opportunity for Cape Breton involves its identification as a proposed site for a Liquefied Natural Gas terminal.

Prince Edward Island's main challenge in promoting business growth is to achieve further economic diversification through cluster development in the bio-resource, aerospace, information technology and wind energy sectors. Human capital development, through the federal workplace skills strategy and more favourable immigration policy improvements, will be a vital lever of economic growth in both the short and long terms. To a very significant extent, ACOA is involved with federal and provincial partners on labour issues, including the implementation of a labour market development strategy in the coming year. Key learning and research initiatives with both Holland College and the University of Prince Edward Island will be developed. To take greater advantage of emerging economic opportunities, the federal-provincial partnership in infrastructure, innovation, trade and investment will be enhanced in a more targeted and strategic manner.

New Brunswick's forestry industry has faced difficult market conditions since 2002. Weak markets, a stronger Canadian dollar and rising energy prices are negatively impacting the sector. The St. Anne Nackawic hardwood pulp mill in Nackawic closed in late 2004, with the layoff of 400 workers. UPM-Miramichi closed its kraft pulp mill in Miramichi permanently in December 2004, eliminating 400 jobs. The challenge is to find alternative sustainable opportunities for communities that are primarily single-industry. Northeastern New Brunswick continues to experience economic weakness due to its dependency on natural resources. Given pressure on the primary sector and the anticipated Brunswick Mine closure, ACOA is working with regional economic development partners to develop economic development strategies that will work to find long-term solutions.

ACOA's Program Activities



Section II – Analysis of Program Activities

1. Strategic Outcome – Enterprise Development

Improved growth and competitiveness of Atlantic SMEs, leading to increased productivity, earned incomes and job creation.

Expected Results: Increased earned income and employment opportunities in Atlantic Canada.			
<i>Measuring the impact on income and employment in Atlantic Canada is a long-term, multi-dimensional undertaking. Every five years, the Agency will report on:</i>		<i>Five-year Targets:</i>	
a) Increase in GDP (Earned Income)		a) Around \$1 billion more annually than without ACOA support to business	
b) Increase in GDP per \$ of ACOA expenditures		b) \$4 to \$5 in GDP gains for every \$1 of ACOA expenditures	
Performance Measurement Strategy: Analysis of data from Statistics Canada and internal systems, using econometric modelling.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	266.9	208.0	208.6
Human Resources (FTEs)	456	411	411

ACOA approaches its work in a strategic manner to provide Canadians with improved growth and competitiveness of Atlantic small and medium-sized businesses leading to increased productivity, earned incomes and employment opportunities.

Through a wide variety of programs and services, ACOA helps small firms to start up, expand and modernize, and works to improve the environment for business development by focussing on two activities: fostering the growth and competitiveness of SMEs, and access to information.

Enterprise Development program activities:

1. *Fostering the growth and competitiveness of SMEs*
2. *Access to information*

Under the Access to Information activity, ACOA works to ensure that the business development tools and resources are available to Atlantic entrepreneurs. ACOA provides this service primarily through a network of Canada Business Service Corporations (CBSCs).

1.1 Program Activity: Foster SME Development and Growth			
Description: Provide assistance to improve the climate for business growth and/or to small and medium-sized enterprises to help them start, expand or modernize their businesses.			
Expected Results: Improved growth and competitiveness of Atlantic SMEs.			
Indicators:		Targets:	
a) Survival rates of ACOA-assisted firms		a) 1 to 2 times higher than non-assisted firms	
b) % increase in payrolls for ACOA-assisted firms		b) 1.5 to 2 times higher than non-assisted firms	
c) Productivity growth rate for ACOA clients		c) 1.5 to 2 times higher than non-assisted firms	
Performance Measurement Strategy: Analysis of Statistics Canada data and internal systems data.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	264.1	208.0	208.6
Human Resources (FTEs)	435	411	411

Improving competitiveness is an important, perhaps the most important, objective for regional economic policy¹. Competitiveness drives economic growth. Higher living standards and expanded employment opportunities result from a growing and competitive economy.

Competitiveness reflects the degree to which Atlantic Canada can, under fair market conditions, produce goods and services that meet the test of international markets while simultaneously expanding the real incomes and employment opportunities of its citizens. Competitiveness is based on productivity performance and the economy's ability to shift output to high productivity activities that, in turn, can generate high levels of real wages. The transition within Atlantic Canada to a knowledge-based economy is part of this process. Innovation is a key element in the transition, having links to knowledge, education and skills.

ACOA's focus on small and medium-sized enterprises is based on the connection between competitiveness and firm-level productivity: that is, competitive firms generate growth and wealth by selling more or increasing the value-added of what they sell. Individual firms derive comparative advantage from a range of factors that include the internal organization, entrepreneurial ability, processes of innovation, product development and marketing. Similarly, to enhance the competitiveness of the region and its business enterprises, ACOA pursues a broad range of strategies that involve: innovation; entrepreneurship and business skills development; trade and investment promotion and tourism.

¹Regional Competitiveness Policies, Interim Synthesis Report, 5th Session of the Working Party on Territorial Policy in Urban Areas, 22 October 2003, Sevilla, Spain.

1.1.1 Program Sub-activity: Innovation			
Description: Increase activity in and build capacity for innovation, research and development (R&D) of technologies, products, processes or services, technology adoption/adaptation and commercialization of R&D outputs that contribute to economic growth in Atlantic Canada.			
Expected Results: Strengthen Atlantic Canada's innovation and commercialization capacity.			
Indicators:		Targets:	
a) % of leveraging of funds toward innovation projects		a) 55% (for approximately \$25 million)	
b) number of meaningful partnerships and collaborations for technology development and commercialization		b) 10	
Performance Measurement Strategy: Analysis of data from internal systems, survey, monitoring.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	128.2	85.7	87.8
Human Resources (FTEs)	205	181	182

The focus of innovation is to strengthen the innovation capacity and performance of the Atlantic Canadian economy through the adoption/adaptation of leading-edge technologies, the research and development of new or improved technologies and their commercialization, and the growth of strategic sectors/clusters. ACOA's vision for innovation in Atlantic Canada is a region that is recognized for its innovative capacity and its competitiveness in global markets, with an environment conducive to innovation.

To realize its vision, ACOA must address ongoing challenges such as:

- ensuring that key components of the region's innovation system are better-linked to promote improved interaction among the innovation players;
- ensuring that the benefits of research carried out in the region are realized to a greater extent by Atlantic business;
- "tackling" the critical human resource constraints experienced by innovative firms, especially those in the knowledge-based economy;
- enhancing opportunities for the region to retain and attract highly qualified graduates;
- facilitating the development of strategic sectors, characterized by regional clusters of "linked" firms;
- ensuring a strengthened SME capacity to innovate, with better access to risk-oriented

Meeting the challenges through five key themes.

1. **Innovation Systems Strengthening:** forging systems linkages; addressing innovation infrastructure gaps; and replicating proven commercialization models.
2. **Strategic Sector Support:** identifying strategic sectors; sector capability and needs; funding "strategic alliances" for innovation and commercialization.
3. **Building Innovation Capacity:** improving SME access to risk-oriented financing; and building research capacity at universities and other research facilities in support of SME innovation.
4. **Addressing Skills Gaps:** strengthening technical expertise in SMEs; and attracting leading-edge researchers to Atlantic universities.
5. **Policy, Advocacy and Co-ordination:** undertaking policy research on critical "horizontal" topics; carrying out a stronger federal innovation advocacy role; and improving regional co-ordination.

- financing and with the ability to develop and commercialize new ideas;
- ensuring harmonization of both federal and provincial programs and policies that pursue enhanced R&D and innovation as a key driver of economic growth; and
- ensuring that the region is well recognized for its innovative role, contributing to both the development and access to benefits of national policy and programs.

The principal programming tools available to ACOA to advance its innovation strategy are the Atlantic Innovation Fund, the Business Development Program and the Innovation Skills Development Initiative. These programs support ACOA's objective of increasing innovation capacity, ultimately leading to productivity improvement. They will, among other things, contribute to leveraging funds toward innovation projects, encourage the development of partnerships for technology development and commercialization and increase the number of commercialized technologies, products, processes and services as outlined in this year's work plans.

Atlantic Innovation Fund (AIF)

The purpose of the AIF is to strengthen the economy of Atlantic Canada by accelerating the development of the knowledge-based industry. This will be accomplished by increasing the region's capacity to carry out leading-edge research and development that directly contributes to the development of new technology-based economic activity in Atlantic Canada. ACOA, with more frequent rounds of requests for new proposals under the \$300-million renewed AIF, plans to be more responsive to its client needs for timely support of R&D. The first round is expected to be launched in 2005. The ongoing management and monitoring of approximately 100 complex R&D projects over the next three to five years will continue to be a key element of ACOA's work plan next year.

To enhance the likelihood of commercialization success, ACOA encouraged AIF project proponents to seek opportunities for collaboration in such areas as research and development, project management, marketing or commercialization expertise in order to help maximize the economic benefits of AIF resources. As a result, nearly 300 organizations are significantly participating in the approximately 100 AIF-funded projects. One project, the Atlantic Research Commercialization Network (ARCN), represents a partnership of existing university commercialization offices in Atlantic Canada. The purpose of the ARCN is to support effective technology transfer at Atlantic Canadian universities, with an emphasis on commercialization in the region. This enables partner offices to strengthen their capacity to recruit and retain highly qualified personnel to meet their core commercialization requirements. It also allows them access to additional personnel with specialized skills to facilitate the transfer of technology to the private sector. The initiative will introduce two small funding programs: a Proof of Concept Fund and a Patenting and Legal Fund.

A recent interim evaluation indicated positive results. Further details on the evaluation can be found on ACOA's Web site at:

<http://www.acoa-apeca.gc.ca/e/library/audit/marchevaluation2004.shtml>.

Business Development Program (BDP)

The BDP will continue to be an important tool for the implementation of the innovation strategy by providing funding toward research and development, and technology adoption/adaptation. The innovation element of the BDP is intended to increase the technology levels of SMEs in strategic sectors identified by the Agency as having particular growth potential in Atlantic Canada.

Innovation Skills Development Initiative (ISDI)

The ISDI is designed to: improve the innovation management and technical competencies of Atlantic Canadian SMEs; increase the region's pool of experienced technology managers and technical expertise; and retain more qualified science and technology graduates and link them with SMEs.

Collaboration and Liaison

The Agency will continue to support innovation research and advocacy activities in 2005-2006. Activities will focus on facilitating networking opportunities and co-ordinating innovation development among Atlantic Canada's and Canada's innovation stakeholders and policymakers.

1.1.2 Program Sub-activity: Entrepreneurship and Business Skills Development			
Description: Foster opportunities for Atlantic Canadians to develop the motivation and business skills required to start, sustain or grow their own businesses.			
Expected Results: More Atlantic Canadians with the motivation and skills required to successfully start, sustain or grow a business.			
Indicators:		Target:	
a) % of participants in entrepreneurship awareness and promotion activities indicating the activity increased their intent to start a business.		a) Under Development. Targets to be established in 2005-2006	
b) % of participants in business skills development activities indicating the skills acquired were relevant to enhancing business start-up, survival and/or growth.		b) Under Development. Targets to be established in 2005-2006	
Performance Measurement Strategy: Reporting every three years, drawing on analysis of data from surveys and Agency's internal database.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	34.6	26.0	26.0
Human Resources (FTEs)	63	54	54

ACOA continues to foster entrepreneurship and business skills development because small and medium-sized enterprises (SMEs) are at the heart of the Atlantic economy. In fact, between 1989 and 2000, over 70% of gross employment in Atlantic Canada was generated by new small businesses.

The Agency supports entrepreneurship and business skills activities and initiatives that will result in more Atlantic Canadians having the motivation and skills required to successfully start, sustain or grow a business.

Investment in business skills and training is critical for success in the knowledge-based economy. Yet, this is of particular concern in Atlantic Canada where 73% of firms have fewer than five employees. The following highlights some key challenges:

- While the Atlantic region exhibits a high entry rate of new businesses, from 1990 to 1999, it experienced an exit rate that was also significantly higher than the national rate.
- More than half of businesses owned by women are less than 10 years old, and almost 50% of women business owners had less than one year's management experience prior to start-up.²
- While there was a sharp decline in total net migration of Atlantic Canadians in 2003, the Atlantic region still faces high out-migration levels, with a net exit of 27,680 young Atlantic Canadians (aged 15 to 29 years) from 1998 to 2003.

² Calhoun Research & Development, *A Portrait of Women Business Owners in Atlantic Canada in 2003*, October 2003.

To meet these challenges, the Agency will continue to support awareness and promotion activities, encouraging more Atlantic Canadians to explore entrepreneurship. These activities aim to: create more awareness of entrepreneurship as a career option (particularly among young Atlantic Canadians); profile successful entrepreneur role-models; give profile to entrepreneurship in general; and change attitudes toward self-employment and investment in skills. Examples of projects may include entrepreneurship awards, entrepreneur profiles and information and awareness sessions, with a particular focus on high school and post-secondary students and Aboriginal youth.

The focus of Entrepreneurship and Business Skills Development is to create an environment in which entrepreneurship is widely perceived as a career option, and life-long learning is part of Atlantic Canada's business culture. Activities include:

- *promoting the importance of skills development;*
- *facilitating opportunities for entrepreneurs to acquire more advanced management practices;*
- *enhancing entrepreneurial skills at all stages of business development;*
- *emphasising entrepreneurship education, particularly among young Atlantic Canadians; and*
- *fostering the development and growth of women and Aboriginal entrepreneurs.*

Investment in business skills development supporting start-up, sustainability and growth remains a key priority. ACOA's work is focussed on enhancing the business owners' management skills at all stages of business development while increasing SMEs' investment in lifelong learning and training. In 2005-2006, business skills development activities may include youth internship programs, business conferences and workshops, entrepreneurship educator training, on-line learning tools, and business counselling and mentoring.

In addition, the Agency will continue to implement the following initiatives.

- The Women in Business Initiative (WBI), which focusses on: strengthening the management capabilities and business development skills of women-owned business; improving their access to capital and business support services for business start-up and growth; and increasing their involvement in exporting and innovation activities.
- The Young Entrepreneur Development Initiative (YEDI), which provides young Atlantic Canadians who are aspiring or existing entrepreneurs with opportunities to develop business skills through experiential learning while facilitating community-level participation that supports young entrepreneurs.

The Agency will continue to support skills research and advocacy activities in 2005-2006. Activities will focus on: facilitating networking opportunities and co-ordination of skills development activities among Atlantic Canada's skills development stakeholders and policymakers; promoting lifelong learning within SMEs; creating networking opportunities for business owners; and conducting research relating to SMEs, entrepreneurship and business skills.

1.1.3 Program Sub-activity: Trade			
Description: Provide assistance to help businesses enter international markets, strengthen international marketing capabilities and improve international business performance.			
Expected Results: Increased export capacity and sales for SMEs in Atlantic Canada.			
Indicators:		Targets:	
a) Number of SMEs that have increased export-readiness		a) 300	
b) Number of new exporters		b) 40	
c) Number of exporters developing new or existing markets		c) 50	
Performance Measurement Strategy: Reporting annually, data sources include Statistics Canada, surveys and internal reports.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	27.3	24.6	24.6
Human Resources (FTEs)	44	48	48

Exporting is one of the nation’s leading engines of economic growth. It builds revenues, fuels business opportunities and generates jobs. Close proximity to the rich markets of the United States as well as increased levels of exportable, value-added and knowledge-based goods and services render Atlantic Canada particularly well suited as a base for exporting. However, challenges must be addressed in order to build the export capacity within Atlantic Canada – creating greater awareness of trade as an opportunity for business growth, strengthening exporters’ performance and assisting SME exporter preparation.

Exports have grown by more than 150% during the last decade; however, there is room for expansion. With fewer than 3% of the region’s SMEs currently involved in export activities³, ACOA has focussed on proactive measures aimed at addressing these challenges and significantly increasing the level of export activity and foreign direct investment (see next section) in Atlantic Canada.

Awareness and Skills Development will continue to be the cornerstone of the trade approach to increase the export capacity of SMEs within the region. Initiatives will be designed to assist SMEs all along the trade continuum, from awareness building to market after-care. An increased emphasis will be placed on market after-care in order for exporters to exploit all opportunities in order to maximize the outcome and results of each mission.

The Agency will increase its focus on women, Aboriginal and young entrepreneurs within the region. Key initiatives, including missions and export-readiness training, will address barriers these groups face and assist their export development during the next year.

³ *Export Registry and Business Registry*, Statistics Canada, 2003.

The region's exports continue to be resource-driven, with the majority of export revenues (\$16.0 billion or 83.0%) still coming from forest products, mineral ores, fish and food products, and fuels. However, rapid growth can be seen in new and emerging sectors such as oil and gas, service sectors and information technology. The Agency will continue to develop these emerging sectors through the implementation of Sector Export Strategies developed both on a pan-Atlantic and regional basis.

The five elements of trade:

1. *awareness*
2. *skills development*
3. *capacity building*
4. *policy, advocacy and co-ordination*
5. *investment attraction and development*

Other successful initiatives such as Team Canada Atlantic (TCA) missions to key U.S. markets have already generated in excess of \$35 million in sales. The TCA missions will continue to foster SME trade growth in Atlantic Canada, with missions to Chicago and Miami during the next year and the exploration of strategic European markets.

The Agency works both directly and in partnership with other federal departments and agencies (such as International Trade Canada, Industry Canada, Fisheries and Oceans Canada, and Agriculture and Agri-Food Canada), the four provincial governments and business associations to deliver its strategic approach to trade and investment development.

Partnered initiatives include the Canadian Agriculture and Food International Program, and the Team Canada Inc. initiative designed to provide Canadian businesses with single-window access to fully integrated export services. Other high profile initiatives include the International Business Development Agreement and the Enhanced Representation Initiative (which includes sector-specific missions to selected U.S. markets), bringing buyers into the regions and increasing awareness of the benefits of Atlantic Canada. For more information on these horizontal initiatives please refer to: <http://www.acoa-apeca.gc.ca/e/library/reports/rpp2005/index.shtml>.

The Atlantic Trade and Investment Partnership (ATIP) has enabled the Agency to undertake comprehensive pan-Atlantic and provincially based trade development initiatives such as: Team Canada Atlantic Missions, Sector Export Strategies, Awareness and Skills Development, and Trade Internships. These initiatives build upon partnerships established with trade partners and have assisted more than 1,500 firms to increase their export-readiness since 2002. About 230 firms have become new first-time exporters. ACOA will continue to enhance these successes in 2005-2006.

1.1.4 Program Sub-activity: Investment			
Description: Provide assistance to attract foreign direct investment.			
Expected Results: Increased foreign direct investment in Atlantic Canada.			
Indicators:		Targets:	
a) Increased awareness of Atlantic Canada as a profitable place to do business (by potential stakeholders and investors).		a) 55 to 60 enquiries for further information with regard to investing in Atlantic Canada	
b) Number of qualified investment suspects ⁴ , leads ⁵ , and prospects ⁶ provided to key players and developed through ACOA.		b) 20 to 25	
Performance Measurement Strategy: Annual reporting, with data from internal reports.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	7.8	6.6	6.6
Human Resources (FTEs)	13	13	13

The potential for economic growth through Foreign Direct Investment (FDI) in Atlantic Canada is significant. FDI creates jobs and generates revenues, it strengthens economic infrastructure and builds industrial critical mass required to successfully compete in a global economy. In recognition of the importance of FDI as a vehicle for economic growth, ACOA will continue to focus on the five key strategic areas of: investment research, information management/dissemination, awareness and promotion, investment partnership, and lead identification.

Increased awareness and promotion of Atlantic Canada as a profitable place to do business will continue to be the cornerstone of the approach of investment, in order to increase Atlantic Canada's percentage of FDI. Through numerous initiatives over the next 10 years, the Agency will strive to increase Atlantic Canada's FDI to more than 5% of the national total.

Recognizing the importance of emerging growth sectors, the Agency will continue to enhance its investment-related work within: information communications technology, ocean technology, energy, life sciences, light manufacturing, plastics and environmental technologies. Initiatives including outgoing and incoming technology, trade and investment missions, international promotion of the region's growth sectors, the creation of sector-specific investment prospecting teams and market research and opportunity identification will assist in increasing FDI within these sectors.

⁴ Suspect - for marketing purposes, a member of a target group that may only be known by demographic information.

⁵ Lead - a qualified response with very limited interaction with an Atlantic Canadian company.

⁶ Prospect - a party interested in a particular solution that has been identified.

Other initiatives include the establishment of a Web-based intelligence-gathering system that will identify the number of qualified investment leads, suspects and prospects to be developed by the Agency in conjunction with key players and partners. Increased collaboration with the Agency's Atlantic Innovation Fund for FDI leveraging will be undertaken, capitalizing on key innovation projects within the region.

In order to deliver its strategic approach to investment development, the Agency works both directly and in partnership with other federal departments and agencies (such as Investment Partnerships Branch Canada, Industry Canada and the Department of Foreign Affairs), the four provincial governments through the pan-Atlantic Investment Co-ordination Committee, and business associations.

Since 2002, the Atlantic Trade and Investment Partnership (ATIP) has enabled the Agency to undertake comprehensive pan-Atlantic and provincially based investment development initiatives such as: science, technology, trade and investment missions to key markets; Team Canada Atlantic missions; lead identification and development; direct marketing and advertising campaigns; promotion of the region through several marketing initiatives; investment conference participation; and journalists and site selector familiarization tours. It will continue to enhance these successes in 2005-2006.

1.1.5 Program Sub-activity: Tourism

Description: Projects designed to contribute to increased growth, profitability and wages in the tourism sector through planning, advocacy and market research; product development, marketing and readiness; strategic investment in infrastructure, amenities and facilities; enhancing quality of tourism product; and extending the tourism season or multi-seasonal expansion.

Expected Results: Increased growth and competitiveness of tourism industry.

Indicators:

- a) Productivity growth for ACOA-assisted versus non-assisted firms
- b) Payroll growth for ACOA-assisted versus non-assisted firms

Targets:

- a) 1.5 to 2 times higher
- b) 1.5 to 2 times higher

Performance Measurement Strategy: Annual reporting, with data sources being Statistics Canada.

	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	31.3	29.6	28.1
Human Resources (FTEs)	52	57	56

Tourism development is a key aspect of the Atlantic economy. As an economic sector, tourism offers significant wealth and job creation opportunities and builds on exhibited regional strengths, especially the natural environment of Atlantic Canada with its coastal beauty and rural landscapes.

ACOA is a catalyst for tourism innovation in Atlantic Canada. Through its partnerships with tourism industry associations, private sector groups and other governments, ACOA has fostered an unprecedented co-operative regional approach to tourism development and marketing in Atlantic Canada. For example, the Atlantic Canada Tourism Partnership, mandated to build strong industry-government relationships to market Atlantic Canada as a tourism destination in international markets, has strongly contributed to increased tourism visitations and visitor spending. The focus of the ACTP for the remainder of the 2003-2006 Agreement will continue to be marketing Atlantic Canada as a tourism destination, primarily to the New England region, with the mid-Atlantic States as the secondary U.S. market, overseas markets of the U.K., German-speaking countries in Europe, and Japan.

The Agency's leadership has helped focus the tourism industry's attention on strategic tourism investment and activities that increase the profitability and productivity of tourism businesses. In 2005-2006, ACOA will continue to:

- deliver sustainable tourism workshops and mentoring programs;
- deliver best practices missions;
- develop and continue strategic public and industry partnerships that will generate new streams of high quality, niche tourism products and provide a co-ordinated federal presence within the tourism industry of Atlantic Canada; and
- deliver the Atlantic Canada Tourism Partnership project.

1.1.6 Program Sub-activity: Other Support to SMEs			
Description: Provide assistance to support increased private sector investment, business planning and/or marketing for the domestic market, and to establish venture and seed capital funds.			
Expected Results: 1) Increased activity in SME establishment, expansion and modernization related to the domestic market. 2) Enhanced availability and utilization of risk capital in Atlantic Canada.			
Indicators: a) Increase in sales b) Increase in wages and salaries c) Venture capital: i. Number of investments made by VC funds ii. Financing involved iii. Money leveraged from investors based outside the region		Targets: a) Stabilize or increase sales b) Stabilize or increase wages and salaries c) Over the period 2005-2006 to 2007-2008: i. 60 deals ii. \$150 million iii. \$75 million	
Performance Measurement Strategy: Reporting annually, data sources include Statistics Canada and project reviews and evaluations as well as published documents from venture capital firms and industry associations.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	34.9	35.5	35.5
Human Resources (FTEs)	58	58	58

ACOA funds projects that directly support increased private sector capital investment, business planning, marketing for the domestic market, establishing facilities and infrastructure and establishing venture and seed capital funds.

Among the greatest barriers to the start-up and expansion of SMEs in Atlantic Canada is insufficient access to capital. Breaking down these barriers, in association with public and private sector partners, is a priority for ACOA. The Agency aims to help address the most critical financing gaps such as soft-cost investments in new technology, staff training and trade development. There is evidence of some higher risk, project-related gaps in rural areas and in the tourism and aquaculture sectors. There are also client-related gaps (e.g. women, youth) and gaps in equity and micro credit.

SMEs need better access to bank financing and alternative sources of financing, such as venture capital and the stock market, if ACOA is to achieve its vision of a self-sustaining, viable Atlantic economy. The gap in financing still exists and continues to grow for the new economy/soft-cost projects. These remain high-risk activities that, when undertaken by SMEs or start-up firms, have difficulty obtaining the financing they need.

The Business Development Program (BDP) is the principal instrument used by the Agency to provide support for the higher risks of doing business in Atlantic Canada.

1.2 Program Activity: Access to Information			
Description: Provide counselling, mentoring and information referrals to Atlantic Canada.			
Expected Results: Access for Atlantic Canadians to accurate, timely, and relevant business information, counselling and referrals.			
Indicator: % of clients indicating satisfaction with information they received (CBSCs)		Target: 75% to 80%	
Performance Measurement Strategy: Evaluation of CBSCs, every five years.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	2.8	-	-
Human Resources (FTEs)	21	-	-

ACOA works to ensure that a wide variety of business development tools and resources are available to Atlantic entrepreneurs throughout all stages of the business life cycle, from the time they are thinking about setting up a new business, to the time they are planning for growth and expansion. Providing wide-ranging business information, from developing business plans to finding new export markets, can tip the scales on whether a new business is created or an existing business grows. ACOA provides this service primarily through a network of Canada Business Service Corporations (CBSCs).

The CBSCs were funded as part of the federal government's *Jobs and Growth Agenda - Building a More Innovative Economy*, which recognized the importance of small business and entrepreneurs in Canada to job creation and economic growth. The objective of this network of CBSCs is to improve service to small business and start-up entrepreneurs by providing a comprehensive first stop for information on government services, programs and compliance requirements for both the federal and provincial orders of government. Serving the business community and entrepreneurs of Canada for over 10 years, the CBSCs reduce the complexity of dealing with various levels of government by serving as a central resource for Canadian business.

In Atlantic Canada, CBSCs are located in each provincial capital city and 103 regional access sites across the region, including 41 Aboriginal Business Service Network sites. Nationally, the centres are managed on behalf of the federal government by ACOA, Western Economic Diversification Canada, Canada Economic Development for Quebec Regions and Industry Canada using a horizontal team/committee known as the Managing Partners Committee. As a committee member, ACOA is responsible for managing the CBSCs in Atlantic Canada.

For more information, see the following Web sites:

<http://www.cbsc.org/> and

<http://www.acoa-apeca.gc.ca/e/library/reports/rpp2005/index.shtml>

2. Strategic Outcome – Community Development

Economic opportunities for Atlantic Canada through community economic development.

Expected Results: Increased economic opportunities for Atlantic Canada.			
Indicators:		Targets:	
a) Impact on earned incomes in communities		a) Stabilize or increase earned incomes in communities	
b) Impact on employment growth in communities		b) Stabilize or increase employment growth in communities	
Performance Measurement Strategy: Analysis of Statistics Canada data (every five years).			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	154.3	58.4	58.1
Human Resources (FTEs)	147	105	101

Strong communities, be they rural, urban or Aboriginal, are the foundation of Atlantic Canada’s social and economic fabric. Rural communities need particular consideration as the rural-urban gap shows few signs of narrowing. ACOA supports its communities to address their priorities and achieve their potential by investing in three main areas: Community Economic Development, Special Response Measures, and Infrastructure Programming.

Community Economic Development

The basis of Community Economic Development (CED) is the engagement and empowerment of communities to take responsibility for managing their own future and to seize the opportunities presented to them. This decentralized approach allows communities to make decisions and influence policy from the local level, where change is more evident and has the most impact. As facilitators, the Agency partners with organizations to provide services in planning, counselling and financing.

To facilitate socio-economic development at the local level, and to increase capacity of communities to reach their economic development potential, ACOA supports community-based economic development organizations such as the Community Business Development Corporations (CBDCs) and the Regional Economic Development Organizations (REDOs).

The Agency works with the CBDCs to enhance business and economic opportunities in Atlantic Canada communities, particularly those in rural areas. CBDCs deliver programs

targeted at SME development and job creation. ACOA also works with communities to identify and support strategic investments in key economic development infrastructure that support community economic development plans.

Special Response Measures

ACOA also undertakes activities that do not constitute the core business of the Agency, but are, nonetheless, vital to the general economic health of the region. For example, in 2003, when the closure of cod fisheries in the Gulf of St. Lawrence and waters to the northeast of Newfoundland was inevitable, ACOA, on behalf of the Government of Canada, implemented the Short Term Adjustment Initiative to help alleviate the impact of the closure on employment.

Infrastructure Programming

The Agency, in partnership with the provincial and local governments, delivers the Infrastructure Canada Program. The program was created in 2000 to enhance municipal infrastructure in urban and rural communities across the country, and to improve Canada's quality of life through investments that protect the environment and support long-term economic growth.

2.1 Program Activity: Community Economic Development			
Description: Provide assistance to improve the climate for business growth and/or to small and medium-sized enterprises to help them start, expand or modernize their businesses.			
Expected Results: Enhanced business and economic opportunities for Atlantic Canada communities.			
Indicators:		Targets:	
a) Jobs created by CBDCs		a) 1,600 jobs	
b) Level of strategic investment in communities		b) 1,500 loans	
Performance Measurement Strategy: Analysis of CBDC report data, and internal systems data.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	75.9	42.7	42.4
Human Resources (FTEs)	139	104	100

Community Economic Development (CED) is a key component of the federal regional development strategy. Within this strategic priority, ACOA's focus is to work with regional and local partners, such as the Community Business Development Corporations (CBDCs) and the Regional Economic Development Organizations (REDOs), to build community capacity to create viable opportunities for economic development. Local involvement is a cornerstone of ACOA's community-based economic development strategy. Through its partnerships, ACOA has fostered a co-operative environment in the areas of community enterprise and business development.

ACOA believes in the necessity to continue to help communities throughout Atlantic Canada create opportunities for economic development through initiatives such as the Strategic Community Investment Fund. In responding to *The Rising Tide* strategy, and considering the numerous challenges still faced by rural communities, it is possible that new community economic development programming may be available.

While the overall economy of the Atlantic region has fared quite well over the past five years, unemployment and rural depopulation remain significant challenges for Atlantic Canada. ACOA's involvement in community economic development takes place within a framework of priorities and activities that are adapted to local needs and opportunities. While ACOA programming has had a strong focus on rural communities and small towns where development needs are numerous, it must also recognize the importance of cities in economic development. In the next year, ACOA will continue to be committed to:

- strengthening community planning and development by working with communities to develop and implement strategic plans to help build self-sustaining, economically viable communities; and
- supporting Community Business Development Corporations in providing easier access to government business services for business and clients.

2.2 Program Activity: Special Response Measures			
Description: Support initiatives that improve the economic base of communities in the long term.			
Expected Results: Partner with communities to manage and mitigate economic crises.			
Indicator: Reduced or lessened impact of economic downturns		Target: As determined by the objectives of each program	
Performance Measurement Strategy: Evaluation of the Strategic Community Investment Fund and internal reports.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	26.2	15.7	15.7
Human Resources (FTEs)	1	1	1

Taking advantage of its established network and knowledge of the Atlantic region, ACOA delivers special development initiatives on behalf of the federal government. The intent of these initiatives is to facilitate alternate and replacement economic opportunities in communities or areas that experience closure of significant employers or other significant shocks to employment by assisting with planning and strategy development.

The Short Term Adjustment Initiative (STAI) will terminate March 31, 2005. This special initiative was to create jobs and economic activity (mostly in Newfoundland and Labrador) to help offset the economic impact of the closure of the cod fisheries in the Gulf of St. Lawrence and along the coast of northeastern Newfoundland. The formative evaluation concluded that SCIF-STAI projects assisted in the creation of direct employment opportunities to communities that have displaced workers.

In the community of Saint John and in the province of New Brunswick, both affected by the closure of the Saint John Shipyard, ACOA will assist by delivering: the Shipyard Redevelopment Program to redevelop the shipyard's principal assets into a site appropriate for other industrial uses; and the Industrial Diversification Program to generate other major industrial opportunities in the province.

2.3 Program Activity: Infrastructure Programming			
Description: Programming designed to renew and build infrastructure in rural and urban municipalities in Atlantic Canada.			
Expected Results: Enhanced infrastructure in urban and rural communities, and public infrastructure.			
Indicator: Investments in infrastructure projects in Atlantic Canada		Target: \$51.5 million for 2005-2006	
Performance Measurement Strategy: Individual projects and the program are monitored on an ongoing basis to ensure they meet objectives; audits are performed annually to ensure that public funds are spent judiciously.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	52.2	-	-
Human Resources (FTEs)	7	-	-

ACOA, in partnership with the provincial and local governments, delivers the Infrastructure Canada Program (ICP) to help renew and build physical infrastructure in rural and urban municipalities across Atlantic Canada.

ACOA administers the Infrastructure Program Agreement in each Atlantic province by providing one-third of project costs to municipalities and Non-Government Organizations to improve basic infrastructure in the province with a focus on “Green Infrastructure,” including projects that improve the quality of the environment and contribute to national goals of clean air and water. Other program priorities include local transportation, roads and bridges, affordable housing, telecommunications and tourist, cultural and recreational facilities.

More information on infrastructure programming may be found at:

<http://www.infrastructure.gc.ca>

http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp

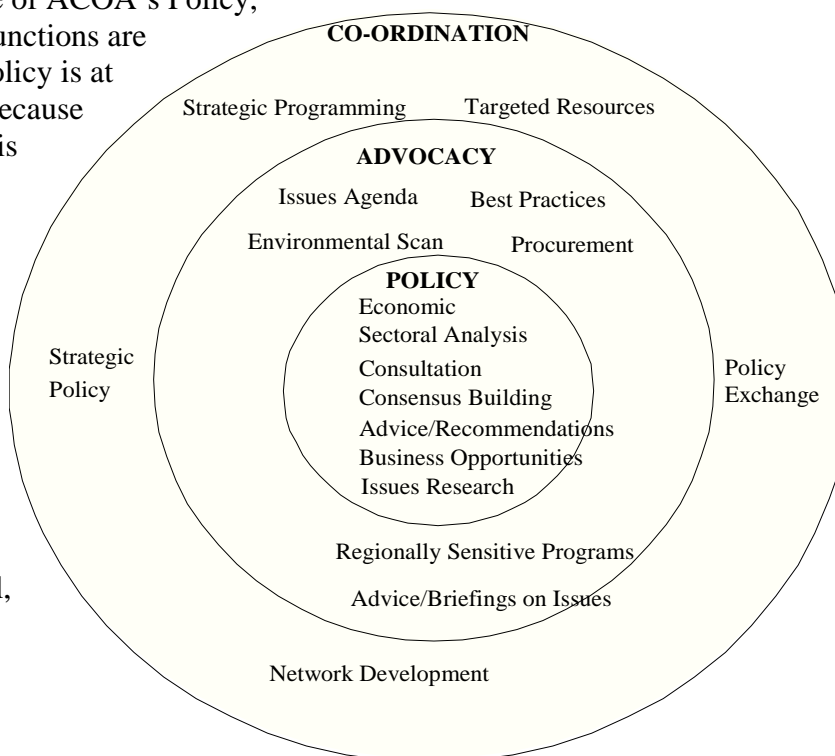
<http://www.acoa-apeca.gc.ca/e/financial/infrastructure.shtml>

3. Strategic Outcome – Policy, Advocacy and Co-ordination

Adequate representation of the interests of Atlantic Canada in national economic policy, program and project development and implementation.

Expected Results: Provide policy leadership and advocate Atlantic Canada’s interest in economic policy and programming.			
Indicator: New or improved policy positions and strategies on regional development in Atlantic Canada		Target: Five positions/strategies	
Performance Measurement Strategy: Reporting every five years, data sources include Policy Network and key informant survey.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	16.7	16.3	16.2
Human Resources (FTEs)	75	68	68

The interrelationship and scope of ACOA’s Policy, Advocacy and Co-ordination functions are highlighted in this diagram. Policy is at the centre of this relationship because it provides the research, analysis and advice needed to back up advocacy claims and to guide co-ordination efforts. Policy, advocacy and co-ordination encompass mandated/legislative issues, strategy, program direction and approach, and horizontal policy issues. ACOA’s economic focus is broadened by horizontal policy considerations to include social, environmental and cultural dimensions.



3.1 Program Activity: Policy Research			
Description: Carrying out policy analysis and research to determine the areas in which ACOA will act to most effectively carry out the Agency's mandate.			
Expected Results: Increase internal and external capacity to identify and explore issues critical to developing policies and designing and improving programs.			
Indicators:		Targets:	
a) Impact of new policies/strategies on programs and initiatives	b) Usefulness and impact of studies	a) Continuation of program and policy review activity based on environmental scanning and issue analysis	b) Creation of survey instrument to measure feedback
c) Increased capacity of partners/researchers to participate in policy development		c) Creation of inventory of researchers	
Performance Measurement Strategy: Annual reporting, data sources are Policy Network and APRI Report.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	11.0	10.7	10.7
Human Resources (FTEs)	37	30	30

The role of Policy within ACOA is to provide a targeted program of policy and economic research and analysis to improve the understanding of issues and to provide a sound basis for decision-making. It also aims to build consensus among various stakeholders, both within and outside government.

ACOA's policy and research agenda comprises internally driven research activities as well as research carried out by and with external partners, including public policy organizations, universities, business associations and firms, and the community of professional economists. The policy agenda reflects emerging regional, provincial and local economic issues, structural challenges and sectoral opportunities in the region's economy.

The process of identifying areas requiring policy work includes:

- regular scanning of policy initiatives of other federal departments, particularly new directions in the national policy environment;
- keeping informed of emerging trends in major framework areas (e.g. fiscal framework, taxation, sectoral policy areas);
- identification of opportunities for the region in areas such as trade, investment, and growth sectors, via research and consultation;
- development of federal and ACOA strategies to realize key opportunities; and
- a process of consultation on policy issues to connect the Agency with the public, clients, and various economic stakeholders who have a role in defining the issues, and in choosing the best or most acceptable solutions.

The Atlantic Policy Research Initiative requires renewal in 2005-2006. Pending its renewal, three conference or roundtable projects are anticipated as well as 15 new proposals for policy research, studies and/or reports. Economic analysis will provide reports that overview the performance of the region, its labour market conditions and export performance. Economic research will involve studies on productivity analysis, small business performance, business cost analysis and sector profiles.

3.2 Program Activity: Advocacy			
Description: Advocating the interests of Atlantic Canada to make new government initiatives more responsive to the needs of Atlantic Canada.			
Expected Results: Effective defence and promotion of Atlantic Canada's interests.			
Indicator: Impact of Agency positions taken with respect to policy and programs		Target: Increase the impact and influence of ACOA participation on horizontal and other files important to Atlantic Canada	
Performance Measurement Strategy: Reporting every five years, data sources include: survey and interviews with senior officials of economic development departments.			
	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	3.9	3.8	3.8
Human Resources (FTEs)	26	26	26

The role of Advocacy within ACOA is to make new government initiatives more responsive to the needs of Atlantic Canada. This is accomplished through environmental scanning and the monitoring of the federal government's priorities for linkages and impacts, alerting and advising government officials on emerging issues, feeding information about Atlantic Canada to central agencies, line departments and to Cabinet, and influencing government's procurement agenda.

The response to *The Rising Tide* strategy is a key issue for ACOA in 2005-2006. It requires the preparation of briefings and supporting documents as well as their presentation. ACOA will continue to monitor and engage with lead departments in the following areas: regional and sectoral strategies; aquaculture; oceans strategy; trade and investment; rural policy; community economic development; social economy; Aboriginal economic development; infrastructure; science and technology; skills development; immigration; transportation; and, oil and gas.

3.3 Program Activity: Co-ordination

Description: Engaging economic partners in addressing the Atlantic region's strategic economic priorities.

Expected Results: Co-ordination of activities between ACOA, federal departments and provincial governments in Atlantic Canada.

Indicators:	Targets:
a) Joint strategic initiatives that reflect commonly held positions on defined issues	a) Creation of workplan progress report
b) Partnerships created to find solutions Areas of joint strategic interest identified	b) Creation of workplan progress report

Performance Measurement Strategy: Reporting annually, data sources are Policy Network, PCO/IGA.

	2005-2006	2006-2007	2007-2008
Financial Resources (\$ millions)	1.8	1.8	1.7
Human Resources (FTEs)	12	12	12

The role of Co-ordination within ACOA is to provide leadership on major economic issues and in the management of special projects and key initiatives on behalf of the Government of Canada. Virtually all of ACOA's developmental work involves partners and partnerships.

In 2005-2006, ACOA will continue to engage economic partners in addressing the Atlantic region's strategic economic priorities. Among others, key issues to be addressed involve immigration, the Government of Canada's New Deal for Cities and Communities, the development of offshore oil and gas, and the development of international business opportunities for the region's ocean technology industry cluster.

ACOA's Partners

- Business Sector
- Community-based economic development organizations
- Research Institutes
- Provincial Governments
- Other Federal Departments
- Universities
- Municipalities
- Aboriginal Communities
- Educational Institutions

Section III – Supplementary Information

Management Representation Statement

I submit, for tabling in Parliament, the 2005-2006 Report on Plans and Priorities (RPP) for the Atlantic Canada Opportunities Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of 2005-2006 Part III of the Estimates: Reports on Plans and Priorities and Departmental Performance Reports (November 2004)*.

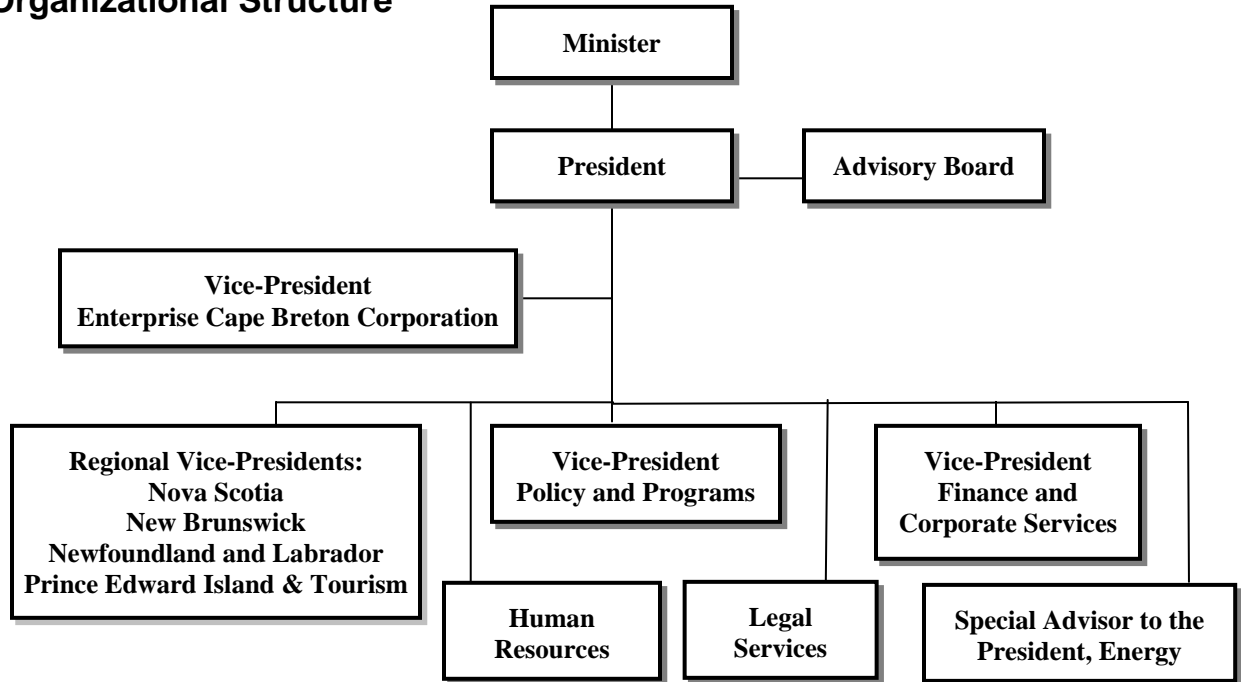
- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance.
- It is based on the Agency's approved accountability structure as reflected in its Management Resources and Results Structure (MRRS).
- It presents consistent, comprehensive, balanced and accurate information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

Monique Collette, President
Atlantic Canada Opportunities Agency

Date

Organizational Information

Organizational Structure



More information on people in charge and the organizational structure of ACOA may be found at: <http://www.acoa-apec.ca/e/about/people.shtml>.

Accountability

Minister: The Honourable Joseph McGuire is responsible for ACOA.

President: Ms. Monique Collette is responsible for the Program Activities of the Agency and reports to the Minister of ACOA. The President of ACOA is also, ex-officio, the President of Enterprise Cape Breton Corporation (ECBC) as well as its Chair of the Board and Chief Executive Officer.

Departmental Organization

ACOA's mandate and organizational structure were determined following consultations with Atlantic Canadians across the region. The result was – for the first time – a federal organization charged with regional economic development in Atlantic Canada being headquartered in the region. The Agency has 36 regional and field offices in cities and towns across the four Atlantic provinces. Consequently, ACOA's funding and policy decisions are made by and for Atlantic Canadians.

Regional Vice-Presidents are responsible for the delivery of ACOA programs. Based in Sydney, Nova Scotia, the Vice-President of ECBC is responsible for delivering most of ACOA's programs on Cape Breton Island. In Ottawa, an ACOA office advocates the interests of Atlantic Canadians in the development of national policies and programs, including the interests of the region's entrepreneurs related to federal procurement. The Vice-President Policy and Programs has corporate responsibility for program areas and policies as well as delivery of the pan-Atlantic projects and initiatives.

ACOA's legislation provided for the creation of an ACOA Advisory Board. This Board includes the ACOA President, as Chair, and seven other members representing all Atlantic provinces. Board members are appointed by the Governor in Council on the recommendation of the Minister of ACOA.

Program Composition

ACOA programming is divided into three Strategic Outcomes: Enterprise Development; Community Development; and Policy, Advocacy and Co-ordination. The objectives of these outcomes are to support and promote economic development in Atlantic Canada with particular emphasis on small and medium-sized enterprises, and to advocate the interests of Atlantic Canada in national economic policy, program and project development. Corporate administration units, under the management of the Vice-President Finance and Corporate Services, divide the administrative functions of the Agency from the direct program-related business of the organization. The function of Finance and Corporate Services is to provide sound management in the delivery of the Strategic Outcomes.

Financial Information

Table 1: Departmental Planned Spending and Full Time Equivalents

(\$ millions)	Forecast Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007	Planned Spending 2007-2008
Fostering SME Development and Growth	274.0	264.1	208.0	208.6
Access to Information	2.6	2.8	-	-
Community Economic Development	76.3	75.9	42.7	42.4
Special Response Measures	57.1	26.2	15.7	15.7
Infrastructure Programming	48.9	52.2	-	-
Policy Research	12.1	11.0	10.7	10.7
Advocacy	3.8	3.9	3.8	3.8
Co-ordination	1.8	1.8	1.8	1.7
Total Main Estimates	476.6	437.9	282.7	282.9
Adjustments:				
Supplementary Estimates:				
Spending authority related to the government-wide reallocation initiative	(9.0)	-	-	-
Strategic Community Investment Fund	24.7	12.8	-	-
Planned Re-profiling	(38.0)	-	-	-
Community Futures Program	-	2.1	2.1	2.1
Social Economy funding	-	2.7	3.0	2.0
<i>Budget Announcements:</i>				
New investment in regional development	-	46.0	51.0	61.0
Community Futures Program	-	1.2	1.4	1.7
Expenditure Review Committee Reductions	-	(7.1)	(14.0)	(21.0)
<i>Total Adjustments</i>	(22.3)	57.7	43.5	45.8
Total Planned Spending	454.3	495.6	326.2	328.7
Less: Non-respendable revenue	(57.0)	(54.2)	(53.2)	(52.2)
Plus: Cost of services received without charge	6.9	7.1	6.9	6.9
Net Cost of Agency	404.2	448.5	279.9	283.4
Full Time Equivalents	649	669	614	598

Total Planned Spending reflects forecast expenditures for 2004-2005 and funds approved in the government fiscal plan for fiscal years 2005-2006 to 2007-2008. A reduction of \$167 million is reported over the three-year planning period and is due mostly to the sunsetting of the Infrastructure Canada Program and fluctuations in program spending under the Atlantic Investment Partnership.

Table 2: Program Activities

Planned Spending 2005-2006 (\$ millions)						
Description	Budgetary			Total Main Estimates	Adjustments	Total Planned Spending
	Operating	Grants and Contributions	Gross			
Fostering SME Development and Growth	53.6	210.5	264.1	264.1	25.0	289.1
Access to Information	2.8	-	2.8	2.8	-	2.8
Community Economic Development	15.7	60.2	75.9	75.9	35.0	110.9
Special Response Measures	4.2	22.0	26.2	26.2	(2.3)	23.9
Infrastructure Programming	1.0	51.2	52.2	52.2	-	52.2
Policy Research	4.8	6.2	11.0	11.0	-	11.0
Advocacy	3.9	-	3.9	3.9	-	3.9
Co-ordination	1.8	-	1.8	1.8	-	1.8
Total	87.8	350.1	437.9	437.9	57.7	495.6

Table 3: Voted and Statutory Items Listed in Main Estimates

Vote	(\$ millions)	2005-2006 Main Estimates	2004-2005 Main Estimates
<i>Atlantic Canada Opportunities Agency</i>			
1	Operating expenditures	78.8	81.9
5	Grants and Contributions	350.1	385.8
(S)	<i>Minister of Atlantic Canada Opportunities Agency salary and motor car allowance</i>	0.1	0.1
(S)	<i>Contributions to employee benefit plans</i>	8.9	8.8
Total		437.9	476.6

A reduction of \$38.7 million is due mostly to the sunsetting of the COOPERATION Program and reduced funding for Atlantic Investment Partnership and the Saint John Shipyard Initiative.

Table 4: Net Cost of Agency for the Estimates Year

2005-2006 (\$ millions)	Total
Total Planned Spending	495.6
<i>Plus: Services received without charge</i>	
Accommodations provided by Public Works and Government Services Canada (PWGSC)	3.1
Contributions covering employer's share of employees' insurance premiums and expenditures paid by TBS	3.6
Salaries and associated expenditures of legal services provided by Justice Canada	0.4
	7.1
<i>Less: Non-Respendable Revenue</i>	<i>(54.2)</i>
Net Cost of Agency	448.5

Table 5: Sources of Non-Respendable Revenue

(\$ millions)	Forecast Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007	Planned Revenue 2007-2008
<i>Atlantic Canada Opportunities Agency</i>				
Fostering SME Development and Growth				
Repayable Contributions	55.0	53.0	52.0	51.0
All Other	2.0	1.2	1.2	1.2
Total Non-Respendable Revenue	57.0	54.2	53.2	52.2

More Information on Non-Respendable Revenue may be found at:

<http://www.acoa-apeco.gc.ca/e/financial/repayable/index.shtml>

Table 6: Resource Requirement by Branch

2005-2006 (\$ millions)									
Program Activity Responsibility	Foster SME Development and Growth	Access to Information	Community Economic Development	Special Response Measures	Infrastructure Programming	Policy Research	Advocacy	Co-ordination	Total Planned Spending
New Brunswick	50.4	0.7	19.8	23.0	11.6	0.7	0.6	0.4	107.2
Newfoundland and Labrador	68.8	0.7	15.9	-	19.9	0.6	0.6	0.7	107.2
Nova Scotia	64.6	1.0	21.8	0.1	17.3	0.6	0.2	0.5	106.1
Prince Edward Island	38.3	0.4	1.6	-	2.2	0.2	0.1	0.2	43.0
Corporate*	42.0	-	16.8	3.1	1.2	8.9	2.4	-	74.4
Sub-total	264.1	2.8	75.9	26.2	52.2	11.0	3.9	1.8	437.9
Adjustments:									
Community Futures Program	-	-	2.1	-	-	-	-	-	2.1
Social Economy funding	2.7	-	-	-	-	-	-	-	2.7
Strategic Community Investment Fund	-	-	12.8	-	-	-	-	-	12.8
Budget Announcements:									
New investment in regional development	26.0	-	20.0	-	-	-	-	-	46.0
Community Futures Program	-	-	1.2	-	-	-	-	-	1.2
Expenditure Review Committee (ERC) Reduction	(3.7)	-	(1.1)	(2.3)	-	-	-	-	(7.1)
Total	289.1	2.8	110.9	23.9	52.2	11.0	3.9	1.8	495.6

* Includes the Minister's and President's Offices, Human Resources, Finance and Corporate Services, and Policy and Programs.

Table 7: User Fees

Name of User Fee	Fee Type	Fee-Setting Authority	Reason for Fee Introduction or Amendment
Loan Insurance Fees	Regulatory	Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	An annual administration fee is assessed to lenders by ACOA as part of the loan insurance guarantee contractual obligations. The fee is payable at the time of disbursement to the borrower and is 1% of the loan guarantee amount. Fees are due each year on the anniversary date. Modifications or amendments to the fee are not planned; only one outstanding loan remains and is in good standing. Loan guarantees are no longer issued.

Table 8: Transfer Payments Programs

Transfer Payments Programs where the program exceeds \$5 million in 2005-2006:

1. Business Development Program
2. Community Futures
3. Atlantic Investment Partnership Initiative
4. Saint John Shipyard Adjustment Initiative
5. Infrastructure Canada Program

Further information on these Transfer Payments Programs can be found at ACOA: <http://www.acoa-apeca.gc.ca/e/library/reports/rpp2005/index.shtml> or at Treasury Board: <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

Table 9: Horizontal Initiatives

ACOA acts as the Lead Agency on:

1. Atlantic Canada Tourism Partnership (ACTP)
<http://www.acoa.ca/e/media/press/press.shtml?2665>
2. Canada / Atlantic Provinces COOPERATION Agreement on International Business Development (IBDA)
<http://www.acoa-apeca.gc.ca/e/ibda/index.shtml>
3. Team Canada Atlantic (TCA)
<http://www.teamcanadaatlantic.ca/>

Other Horizontal Initiatives

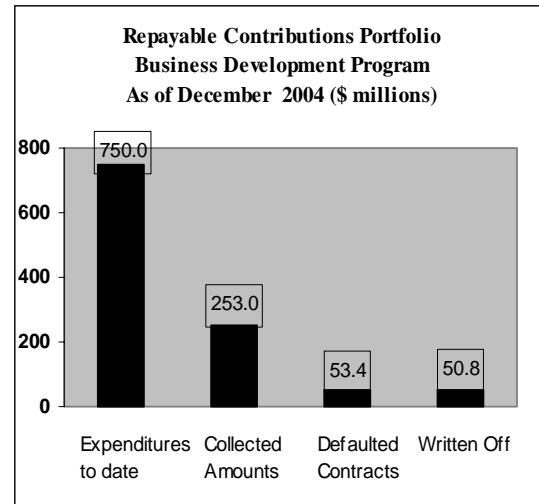
1. Canadian Rural Partnership
Partnership: http://www.rural.gc.ca/iwg_e.phtml
Treasury Board: http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp
2. Team Canada Inc. (TCI)
TCI: http://www.pch.gc.ca/progs/ac-ca/progs/rc-tr/progs/canada-inc/index_e.cfm
Treasury Board: http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp
3. Infrastructure Canada Program (ICP)
Infrastructure Canada: <http://www.infrastructurecanada.gc.ca>
4. Canada Strategic Infrastructure Fund (CSIF)
http://www.infrastructure.gc.ca/csif/index_e.shtml
5. Enhanced Representation Initiative (ERI)
http://webapps.dfait-maeci.gc.ca/minpub/Publication.asp?publication_id=380348&Language=E
6. Canadian Agriculture and Food International (CAFI) Program
CAFI: http://www.agr.gc.ca/int/cafi-picaa/index_e.php?page=intro
7. Canada Business Service Centres (CBSCs)
CBSCs: <http://www.cbsc.org/english/>
8. Aboriginal Economic Development

More information on Horizontal Initiatives can be found at
ACOA: <http://www.acoa-apeca.gc.ca/e/library/reports/rpp2005/index.shtml>
and at Treasury Board: <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

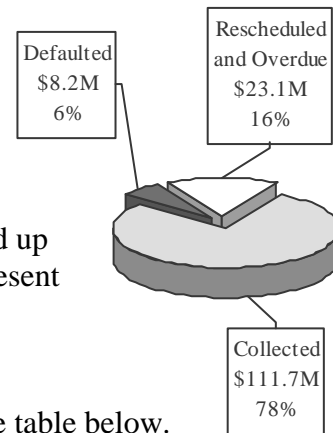
Section IV – Other Items of Interest

BDP Repayable Contributions Portfolio (Update as of December 2004)

Since 1995, under the Business Development Program (BDP), ACOA has provided interest-free, unsecured loans to SMEs to help them start up, expand, improve productivity, develop new markets or undertake other growth-oriented activities. Commercial assistance is repayable over an average repayment term of five to seven years. The collection of repayable contributions under the BDP is expected to total at least \$53.8 million in 2005-2006. The cumulative rate of defaulted contracts and write-offs since 1995 is 13.9% (\$104.2 million of a total \$750 million). Over the past two years, the average annual combined default and write-off rate was 3.47% (3.1% as at December 31 in fiscal year 2004-2005). It is anticipated that the Agency will write off approximately \$15 million in 2005-2006.



On an annual basis, ACOA collects approximately 78% of its forecast scheduled repayments on all repayable programs. Approximately 16% of those annually forecasted revenues end up being rescheduled to future years, and approximately 6% represent defaulted contracts and write-offs.



Risk Mix

The planned risk mix for the period 2005-2006 is shown in the table below. The current portfolio mix is approaching the desired risk mix distribution. The latest BDP evaluation suggested that the Agency may have drifted toward more capital-asset-based or lower-risk-type lending; however, more emphasis is being placed on “incrementality” and “need” in the due diligence process. This, in turn, is leading to a slightly higher risk mix for the receivables.

<i>Risk Rating</i>	<i>Current Mix</i>	<i>Anticipated Mix</i>
<i>Low</i>	13%	10%
<i>Low-Medium</i>	26%	25%
<i>Medium</i>	38%	35%
<i>Medium-High</i>	18%	25%
<i>High</i>	5%	5%

For more information on repayable contributions, see:
<http://www.acoa-apeca.gc.ca/e/financial/repayable/index.shtml>

Government Themes and Management Issues

a) Sustainable Development Strategy

ACOA's Sustainable Development Strategy (SDS) is to help build a strong, growing and sustainable Atlantic economy while protecting the environment and the well-being of Atlantic Canadians. During its second year, ACOA's SDS III will continue to: support sustainable tourism, environmental industries and associations, research and development, and infrastructure; promote best practices; and increase awareness of communities, businesses and Atlantic youth. ACOA projects are subject to screening under the *Environmental Assessment Act* to minimize any risk to the environment.

SMEs are recognized as key contributors to a strong and prosperous Canadian economy. It has been shown that an entrepreneur can operate efficiently and profitably in a manner that is environmentally responsible. ACOA, in collaboration with other federal partners, will move forward with initiatives that provide SMEs with the information and assistance that will help them become eco-efficient. For example, ACOA, in partnership with Natural Resources Canada and Environment Canada, will expand the Lean Manufacturing initiative to include a component on energy efficiency and sustainable reviews that will enhance client viability with an environmental focus. ACOA is also working with several SMEs in Newfoundland and Labrador on projects to recycle paper and tires.

The Agency is investing \$590,000 in the Gros Morne Institute for Sustainable Tourism to advance the quality and success of Atlantic Canadian tourism operators through an array of training programs that will be developed and offered at the Institute. The objective is to enhance the quality and sustainability of outdoor/nature-based experiences throughout Atlantic Canada, by providing developmental training programs respecting sustainable tourism practices, experiential tourism services and eco-adventure tourism. This initiative will support diversification and enhanced quality of sustainable nature-based tourism adventures and experiences by traditional and non-traditional tourism experience providers. It will also build the capacity of Atlantic Canada's tourism operators to reach new international and domestic markets.

For more information see the Web site: <http://www.acoa-apeca.gc.ca/e/sustain/strat.shtml>

Plans, Key Activities and Expected Results

Plan: To work with environmental industries and associations on projects that strengthen the sector and increase export of products and services from the environmental industries sector.	
Key Activity: Under the Business Development Program and International Business Development Agreement, support environmental industries and associations.	Expected Result: Increase in number of initiatives and activities that support environmental industries and eco-efficient SMEs.

Plan: To undertake strategic investment in SMEs environmental industries, sustainable tourism businesses, associations and communities to strengthen best practices with respect to the environment.	
Key Activity: Support for workshops, training sessions and consultant follow-up on sustainable tourism. Support SMEs in projects to reduce pollution and recycle materials.	Expected Result: Increase in number of sustainable tourism businesses. SMEs providing products and/or services in the environment sector or becoming eco-efficient.

Plan: Provide opportunities to collaborate with public and private organizations on common sustainable development goals and objectives.	
Key Activity: Work in partnership with other federal departments on initiatives that contribute to sustainable development in the region.	Expected Result: Partnerships created within the public and private sectors to work on common initiatives that inform SMEs about eco-efficiency and promote best practices.

Plan: Contribute to improving water and sewer infrastructure through Infrastructure Canada Program.	
Key Activity: Work in partnership with provincial and municipal governments and other delivery agencies to support infrastructure projects.	Expected Result: Increase in number of communities with adequate infrastructure to improve the quality of life for citizens, reduce pollution and attract businesses.

b) Federal Regional Councils

Federal Regional Councils comprise a network of senior officials committed to the betterment of program and service delivery to Canadians in all regions of the country. Government priorities such as human resources renewal, official languages, Aboriginal dialogue, homelessness, service delivery modernization, innovation, policy and increased capacity in regional co-ordination constitute the essence of the Councils' business.

ACOA Vice-Presidents chair and play a key co-ordinating role in each province. Currently, the Vice-President of ACOA Nova Scotia occupies the National Chair of the Federal Councils, while the Vice-President for ACOA New Brunswick is past-Chair. As "chair of chairs," the Nova Scotia chair will focus efforts through sub-committees of chairs on four priorities: governance, expenditure review impacts, cities/communities and the Northern strategy.

Some of the specific initiatives underway or planned in Atlantic Canada are:

- The New Brunswick Federal Council will continue to provide support to the Joint Economic Development Initiative, a tripartite partnership between the Aboriginal communities of New Brunswick, the Government of Canada and the Province of New Brunswick. It will also help carry out initiatives on official languages and play a leadership role on the human resource renewal and emergency responsiveness. The

New Brunswick Federal Council will increase its level of engagement and activity in the areas of diversity and youth, and continues to play an active and supportive role to the public service middle management cadre.

- The Nova Scotia Federal Council will support transitional and corporate initiatives. Transitional initiatives will include work on Aboriginal, communities and security files. Corporate initiatives will include work on official languages, human resources modernization, service delivery, diversity and learning. Possibilities for renewing or expanding the Council's contributions include enhancing pan-Atlantic collaboration, expanding the Nova Scotia policy perspective, and co-ordinating priorities and projects being implemented by member departments.
- The Prince Edward Island Federal Council is implementing a Shared Learning Centre, including a virtual learning component to be carried out on the Council's Web site. The Council will implement internal and community-based official languages initiatives. In order to create relevant human resource training sessions, the Council will develop partnerships between local training institutions such as Holland College and the University of Prince Edward Island and the Canada School of Public Service. These sessions will help implement changes resulting from the *Public Service Modernization Act*. The Rural Development Committee, through youth and citizen engagement, partnerships, and horizontal management, will implement a co-ordinated approach to the National Rural Policy Framework by means of program development.
- The Newfoundland and Labrador Federal Council continues to lead the Partners for French project. This project is enabling federal employees within the province to meet official language goals, to offer high-quality bilingual service to the minority Francophone community, and to ensure effective and timely communication of Government of Canada programs and services in French by well-trained staff. The Council is working with the Expenditure Review Committee to determine possible impacts of program realignment on this region.

c) Modern Business Management

An important challenge in the coming years will be to maintain the Modern Business Management (MBM) focus and to use the Management Accountability Framework to build upon and sustain the momentum achieved through modern comptrollership. In early 2004-2005, ACOA undertook a Capacity Review, a follow-up to the 2002 Capacity Assessment, to help chart its progress and determine new directions related to Modern Business Management. The Capacity Review helped identify a smaller number of comprehensive focus areas, which are Planning, Human Resources, Outreach and Corporate Management. In 2005-2006, the Agency will start the implementation of an action plan for each of the focus areas. Detailed information on the Agency's Capacity Review can be found on its Web site: <http://www.acoa-apeca.gc.ca/e/index.shtml>.

d) Official Languages Act, Section 41

At the national level, the Atlantic Canada Opportunities Agency will continue to participate in the National Committee on Economic Development and Employability and the National Committee of Co-ordinators Responsible for the Implementation of Section 41 of the *Official Languages Act*. The Agency will maintain its participation in the Deputy Ministers' Committee on Official Languages with the Privy Council Office, and on Citizenship and Immigration Canada's Francophone Minority Communities Steering Committee.

The Agency will continue to work with the Co-ordinating Group on Economic Development and Employability (*Regroupement de Développement Économique et d'employabilité*) both at the national level and in each of the Atlantic provinces. In addition to the regular contacts it maintains with organizations representing Acadians and Francophones in the four Atlantic provinces and the assistance it provides for their activities, the Agency will continue to collaborate with the region's four French-language economic development organizations.

In the Atlantic region, the Agency will continue its participation in the Official Languages Sub-Committee of each of the region's four Federal Councils. ACOA also helps various Acadian and Francophone organizations in the region to stimulate and drive economic development in their communities, and its interest in these files will continue as well. The Agency also works with these minority language communities to ensure that their needs are an integral consideration in ACOA's research into economic development and entrepreneurship.

To support the economic development of the Acadian and Francophone communities in the Atlantic region, ACOA has taken steps to extend its partnership with the federal government department of Canadian Heritage in the Interdepartmental Partnership with the Official Language Communities (IPOLC), under which the two parties share the costs of funding innovative, strategic and sustainable activities in the communities.

In addition to the IPOLC with Canadian Heritage, ACOA has entered into a Memorandum of Understanding with Industry Canada, under which the Agency will invest \$2.4 million in internships for Acadian and Francophone youth, as well as in tele-learning for the region's French-language, post-secondary institutions.

ACOA will continue to oversee contributions awarded to Acadian and Francophone groups by regional economic development organizations and local business development corporations. The Agency also promotes Acadian and Francophone representation on the boards of these funding organizations and requires the provision of services in both official languages at Canada Business Service Centres throughout the four Atlantic provinces.

e) Service Improvement Initiative, Citizen-centred Service Delivery

The Agency continues to support the Service Improvement Initiative. Building on excellent results from its second client survey in 2003-2004, the Agency will continue to refine service delivery practices. Results of the second survey will be published on the Agency's Web site in the coming year. A third client survey will be undertaken during this period.

The service improvement plan compiled during 2004-2005 will require continual modification to maintain relevance. As the Agency repositions to reflect changing economic circumstances, pressures and strategic directions, the improvement plans will also be adjusted to meet client priorities.

The Agency continues with the development of client-driven service standards for project application processing. Both client surveys identified the "turnaround time for project approval" as an area for improvement. In response, the Agency intends to publish standards that identify, for the client, information required for an efficient review and project approval process and, in addition, explain the steps involved in the review. These standards will be available for the major programming activities of the Agency.

In terms of business process improvement, the Agency will continue with process mapping for certain programming activities. Process mapping is the documentation and schematic presentation to identify the staff interactions with the processes involved in providing services to clients. These process maps are office-specific and activity-specific and, once created, are a resource for management to refine and streamline their service delivery.

Results-based Management

The primary goal of results-based management is to provide ACOA's managers with timely, accurate, balanced and evidence-based information on the soundness of the Agency's risk management strategies and practices, the design and operation of management control frameworks, systems and practices, and the performance, relevance and cost-effectiveness of the Agency's various programs, policies and initiatives.

Evidence-based information contained in audits, evaluations and reviews is used by external stakeholders such as central agency officials, parliamentarians and the general public to gauge Agency results or outcomes. It is also used by internal ACOA managers to make strategic and operational decisions on improving the overall effectiveness of the Agency's programming and to account for results.

Results-based Management (RBM) is a government-wide approach to improving program and management effectiveness and accountability, and is oriented toward achieving results. It uses results as a basis for planning, management and reporting, and aims to improve performance by comparing and analyzing actual results against planned results through regular monitoring, evaluation, reporting, feedback and adjustments. For its part, ACOA has made reporting, accountability, transparency and protecting the public interest the cornerstones of its RBM approach to program planning, monitoring, audit and evaluation.

Guidance on reporting, accountability, transparency and protecting the public interest with regard to the Agency's programs is an integral part of ACOA's Review Policy. The policy recognizes the value of audits and evaluations in providing independent, objective and evidence-based information on the results of ACOA's activities. The policy also recognizes that a quality review function requires the effort of Agency managers who have a responsibility for demonstrating performance and acting on performance information. More information on the Agency's Review Policy can be found at ACOA's Web site at: <http://www.acoa-apeca.gc.ca/e/library/audit/reviewpolicy.shtml>.

With respect to acting on performance information provided by audits and evaluations, ACOA program managers are addressing recommendations arising from recent audits and formative evaluations of Agency programs, such as the Strategic Community Investment Fund and Young Entrepreneur Development Initiative. Action plans are being developed and will be implemented in the coming year.

The Agency's Review Committee, chaired by the President, meets regularly to plan, review and revise the Agency's three-year Review Plan. This plan details all audits, evaluations and reviews to be undertaken over a three-year period in order to provide ACOA managers, Treasury Board, and the government with timely, relevant and strategic information.

2005-2006 Review Plan: Audits and Evaluations Scheduled for Completion

Transfer Payments
<i>Audits</i>
Service Quality Initiative – Comprehensive Audit Provisionally Repayables – Comprehensive Audit Atlantic Trade Investment Partnership – Compliance Audit Integrated Risk Management – Comprehensive Audit Canada / Newfoundland and Labrador Comprehensive Economic Development Agreement – Compliance Audit Quality Assurance Audits – Compliance Audit Infrastructure Canada – Compliance Audit Industrial Diversification Program – Compliance Audit Shipyard Redevelopment Program – Compliance Audit
<i>Evaluations</i>
Atlantic Innovation Fund – Summative Evaluation Strategic Community Investment Fund – Summative Evaluation Atlantic Trade Investment Partnership – Summative Evaluation Innovation Skills Development Initiative – Summative Evaluation Women in Business Initiative – Summative Evaluation Youth Entrepreneur Development Initiative – Summative Evaluation Atlantic Canada Cultural and Economic Partnership – Summative Evaluation Provisionally Repayables – Summative Evaluation Atlantic Canada Tourism Partnership – Summative Evaluation
Finance and Corporate Services
<i>Audits</i>
Contracting Function – Compliance Audit

Finance and Corporate Services

The Finance and Corporate Services function includes a wide range of activities that support Agency outcomes. Corporate Services works for continuous improvement in the provision of timely and quality corporate administrative services, and in the promotion of sound management.

The key objective of Finance and Corporate Services is to ensure that ACOA's resources are efficiently and effectively managed, and that systems and services are in place to support management decision-making, accountability and operational control.

Activities in 2005-2006 and beyond:

Corporate Planning

- Continue implementation of an integrated planning process for the Agency.
- Integrate the Modern Business Management (MBM) efforts into the new Corporate Planning Division.
- Implement the new action plan for Modern Business Management developed to address the findings of the 2004 follow-up Capacity Review.
- Lead implementation of the Agency's Management Accountability Framework (MAF).

More information on MBM may be found on ACOA's Web site at:

<http://www.acoa-apeca.gc.ca/e/index.shtml>

Communications

- Improve the awareness and understanding of the Agency's programs and services and how they can be accessed.

Finance and Administration

- Review the Agency's activities to align resources with priorities as stated in the Government of Canada's Speech from the Throne and Budget documents.
- The Agency will plan, report and be accountable for its choices by focussing on Strategic Outcomes and will do so by implementing the new Program Activity Architecture.
- The Agency is focussing its plans and priorities on achieving excellence in the stewardship of public funds. Three priority areas are Management Performance, Expenditure Management, and Financial Management and Control.

Corporate Systems (Information Management / Information Technology)

- Through the use of Web technology and service transformation, continue to increase the availability of corporate information, integrate program management and finance reporting systems, and prepare key service systems for on-line delivery.

Audits and Evaluations

- Provide information as an aid to decision-making and strategic management and, ultimately, to facilitate program improvement and organizational learning through fair, reliable, valid and understandable internal audits and evaluations.

Information on ACOA's reviews and audits may be found on the Agency's Web site at: <http://www.acoa-apeca.gc.ca/e/library/audit.shtml>.

Human Resources

- Modernize human resources management.
- Integrate a human resources plan within the Agency's business plan.
- Create a new Five-year Employment Equity Plan.