

Atlantic Canada Opportunities Agency



Performance Report

**For the
period ending
March 31, 2003**

Minister of Industry

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Executive Summary

In 2002-2003, the Atlantic Canada Opportunities Agency (ACOA) marked its sixteenth year of working in partnership with the people of Atlantic Canada to help improve the economy of regional communities through the successful development of businesses and job opportunities.

ACOA had three broad objectives in fiscal year 2002-2003:

- Improved growth and competitiveness of Atlantic small and medium-sized enterprises;
- Increased economic opportunities through community economic development; and
- Adequate policies and programs to support and promote growth in the Atlantic economy.

The achievement of these three broad goals is pursued largely through the Agency's six strategic priorities:

- Entrepreneurship and Business Skills Development;
- Innovation;
- Trade, Tourism and Investment;
- Community Economic Development;
- Policy, Advocacy and Co-ordination; and
- Access to Capital and Information.

This Performance Report summarizes performance accomplishments in these six areas. This report, and a good deal of other information and supporting documentation on ACOA's activity and performance, is available on ACOA's Web site: <http://www.acoa-apeca.gc.ca/e/index.shtml>.

Section I - Messages

Minister's Portfolio Message

Continued investment in research and development, the ingenuity of Canadian researchers, academics and business people and a growing awareness of the importance of innovation in a successful economy have greatly contributed to Canada's increased recognition worldwide as a significant partner in the knowledge-based economy.

By eliminating the deficit, cutting personal and business taxes, making strategic investments and examining its regulatory processes, the Government of Canada has encouraged investment and innovation in Canadian business and has laid the groundwork for success in this competitive world economy.

Since the introduction of *Canada's Innovation Strategy* in February 2002, we have worked with businesses, institutions, associations and governments at all levels to develop a consensus about what must be accomplished if the Canadian economy is to continue to excel. A number of priorities were identified during the November 2002 National Summit on Innovation and Learning, including improving the regulatory environment for businesses in Canada, encouraging the creation and commercialization of knowledge through strategic partnerships and investments, and continuing the growth of our highly skilled work force.

Canadians, wherever we may live, have an opportunity to take part in a dynamic and exciting economy. Some of us are developing expertise in highly skilled specialties like genomics, biotechnology and fuel cell technology. Others are benefiting from expanded access to broadband Internet services and, by extension, the resources of universities, research institutes and virtual networks around the world.

The Industry Portfolio, consisting of 16 departments and agencies, plays an integral role in encouraging innovation. Its many programs at the community, regional and national

Industry Portfolio:

- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada*
- Canada Economic Development for Quebec Regions
- Canadian Space Agency
- Canadian Tourism Commission*
- Competition Tribunal
- Copyright Board Canada
- Enterprise Cape Breton Corporation*
- Industry Canada
- Infrastructure Canada
- National Research Council Canada
- Natural Sciences and Engineering Research Council of Canada
- Social Sciences and Humanities Research Council of Canada
- Standards Council of Canada*
- Statistics Canada
- Western Economic Diversification Canada

*Not required to submit a Performance Report.

levels push Canadians to explore opportunities, identify new products, start new businesses and develop successful markets here and abroad.

ACOA is the lead economic development agency in the Atlantic provinces, and this report clearly demonstrates that ACOA's strategic and partnership-oriented approach to economic development in the Atlantic region is working. ACOA's leadership in the areas of policy, advocacy and co-ordination, continues to successfully promote Atlantic Canada's interests at the national level.

The Agency's focus on innovation, entrepreneurship and trade guides its efforts to enhance skills among budding and existing entrepreneurs; to improve the region's capacity to carry out commercially promising R&D, to generate more and better opportunities for the region's businesses, to attract new investment to the region, and to build strong communities.

Information from Statistics Canada indicates that the increase in payroll at ACOA-assisted firms was approximately twice that of unassisted firms between 1989 and 2000. Further, between 1998 and 2002, ACOA's commercial assistance produced more than \$5 in GDP gains for every dollar of investment.

These and other initiatives championed by ACOA and our partners in the Industry Portfolio will help us create conditions favourable for innovation by Canadian individuals, firms and institutions. This will help secure Canada's strong economic position and attract investments that will provide wide-ranging economic and social benefits for Canadians.

I invite you to review the *ACOA Performance Report* for more details on how ACOA encourages innovation and economic growth in Canada.

Allan Rock
Minister of Industry

Minister of State's Message

The Atlantic Canada Opportunities Agency (ACOA) develops, in partnership with Atlantic Canadians and their communities, the tools and resources necessary for long-term economic development, job creation and income growth.

Governments do not create jobs; businesses do. For this reason, ACOA focusses on the long-term needs of small and medium-sized enterprises, helping them trade with the rest of the world, and become more competitive through innovation, technology and well-honed business skills. However, ACOA fulfills another much-needed role – that of developing and co-ordinating economic policies and programs in the region, and representing Atlantic Canada's interests at the national level.

This Performance Report reviews ACOA's activities and results obtained during the fiscal year ending March 31, 2003.

Significant progress has been made in the areas of innovation; entrepreneurship and business skills development; trade, tourism and investment; and community economic development – all of which are key drivers of the region's sustained prosperity, and which ACOA has identified as strategic priorities.

For example, in the past year, scores of new partnerships with industry and the academic community have been established under the Atlantic Innovation Fund to develop commercially viable technologies. At the same time, several strategic sectors, including IT, biotechnology, ocean industries and aquaculture have been significantly strengthened.

ACOA has also helped increase the number of exporters in the region; it has helped potential and new trade-oriented businesses to identify markets and sources of financing, information, competitive intelligence and advice. Through its Team Canada Atlantic programming, the Agency has placed dozens of Atlantic firms on the ground and within deal-making proximity to more than 70 million U.S. consumers.

Through its Business Development Program and the Atlantic Investment Partnership, the Agency continues to assist entrepreneurs across the region to start up and grow their businesses. Indeed the region's young people are 60% more likely to choose entrepreneurship as a way of life than were their counterparts of a decade ago. Statistics Canada data show that the business survival rate for ACOA-assisted firms is two and one-half times that of non-assisted firms. Furthermore, between 1989-2000 employment growth of ACOA-assisted firms was nearly four times that of non-assisted firms.

These are important and encouraging benchmarks. They clearly illustrate that the Agency continues to either meet or exceed its economic development objectives.

As Minister of State for ACOA, I am confident that we are on the right track. I can assure you that the Agency will continue to work diligently, in partnership with the people of Atlantic Canada, to build a better, more prosperous future.

The Honourable Gerry Byrne
Minister of State
Atlantic Canada Opportunities Agency

Section II – Agency Context

Who We Are

The Atlantic Canada Opportunities Agency (ACOA) is a federal government agency established in 1987. ACOA offers a broad range of programs and services designed to improve the climate for business growth. The Agency ensures 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.

Our Mission

To foster, in partnership with the people of Atlantic Canada, the long-term economic development of the region through the renewal of the Atlantic entrepreneurial spirit.

ACOA is a federal agency with a difference. Its mandate and organizational structure were determined following consultations with Atlantic Canadians from across the region. For the first time, a federal organization charged with regional economic development in Atlantic Canada was actually headquartered in the Atlantic region, with regional and field offices in cities and towns across the four Atlantic provinces.

What We Do

ACOA focusses on facilitating the creation and growth of small and medium-sized enterprises (SMEs), overcoming barriers to growth and fostering a more entrepreneurial environment.

ACOA's key objectives are: to provide Atlantic Canadians with enhanced policy research and analysis to help create more and better economic opportunities in the region; and to provide business services to support the growth and competitiveness of SMEs.

How We Do It

ACOA is an organization that adapts its policies and programs to meet changing circumstances facing Atlantic Canadians. In 1999-2000, the Agency undertook a review of its missions, priorities and operations. Overall, the three planned strategic outcomes, or core activities, remain solid. They are:

- Improved growth and competitiveness of Atlantic SMEs, leading to increased productivity, earned incomes and job creation;
- Increased economic opportunities for Atlantic Canada through community economic development; and
- Adequate policies and programs to support and promote growth in the Atlantic economy.

Strategic priorities dedicated to fields of activities are:

1. Innovation
2. Community Economic Development
3. Trade, Investment and Tourism
4. Entrepreneurship and Business Skills Development
5. Policy, Advocacy and Co-ordination
6. Access to Capital and Information

Activities pursued under these priorities are implemented through the Agency's Business Development Program, Atlantic Investment Partnership, community economic development activities and other program initiatives.

More information on ACOA's strategic priorities and programs may be found in on ACOA's Web site: <http://www.acoa-apeca.gc.ca/e/index.shtml>

Partnering for Success

In pursuit of its mandate, ACOA's mission is to work in partnership with the people of Atlantic Canada toward the long-term economic development of the region. Virtually all of ACOA's developmental work involves partnerships.

ACOA works closely with business leaders and associations in a variety of economic sectors. In tourism, the Agency leads broad-based initiatives with the industry through the Atlantic Canada Tourism Partnership, Best Practices Missions and the Atlantic Canada Technology Initiative. The Agency also focusses on specific developmental priorities, such as external trade, notably through the work of the Team Canada Atlantic missions.

ACOA partners with a variety of boards, agencies and commissions, particularly in rural areas. For example, the Agency works with the volunteer boards of the Community Business Development Corporations and with local Chambers of Commerce and Boards of Trade.

ACOA is also in partnership with Aboriginal communities throughout the region to increase economic opportunity for Aboriginal peoples. In New Brunswick, the Joint Economic Development Initiative represents an ongoing partnership between Aboriginal peoples and a variety of public and private sector stakeholders.

ACOA Programs

- Business Development Program
- Atlantic Investment Partnership
- Bilateral Economic Development Agreements
- Pan-Atlantic Economic Development Agreements
- Canada Business Service Centres
- Community Business Development Corporations
- Infrastructure Canada
- Adjustment Programs

Our Partners

- Research Institutes
- Provincial Governments
- Universities
- Municipalities
- Educational Institutions
- Business Sector
- Other Federal Departments
- Community-Based Economic Development Organizations
- Aboriginal Communities

In partnership with universities and research institutes, the Agency plays a leadership role in developing the regional agenda for innovation. ACOA and Atlantic universities are partners in the national programs of the Canada Foundation for Innovation, the National Research Council, the National Sciences and Engineering Research Council and Genome Canada. More generally, this collaboration enhances Atlantic Canada's involvement in Canada's Innovation Strategy.

In partnering with provincial governments and municipalities, ACOA undertakes a co-ordination role in Atlantic Canada with respect to the federal government's infrastructure programs.

With other federal government departments, ACOA initiates partnership arrangements through Federal Councils in each of the Atlantic provinces. ACOA also partners with other members of the Industry Portfolio.

Our Challenges And Risks

Changing population demographics have become a challenge for all regions of Atlantic Canada, with some regions experiencing labour shortages while others deal with out-migration, particularly of youth, and population decline. Population decline is largely a rural phenomenon, where resource-based industries, seasonal tourism and Employment Insurance (EI) have been a fact of life. With lower wage rates, young people, in particular, are leaving the region in search of better paying jobs. As innovation and "new economy" jobs have become more and more important, the dichotomy between growing urban centres and declining rural areas is becoming more accentuated. There is, and will continue to be, increasing pressure to mitigate this trend, even in areas where there are limited opportunities for long-term economic development.

A risk for the Atlantic region is the ability to maintain a level of population growth to support economic development into the future. Population growth could be achieved through increased immigration. The infrastructure of the Atlantic provinces, however, needs to be further developed to be able to support an immigrant population. Without a working age population that continues to grow, eventually the economy could reach a level of stagnant growth, then decline. This is already occurring in some rural areas. The issue of the aging population, out-migration of youth and the potential inability to attract skilled immigrants is causing ACOA to become more involved in socio-economic policy development as key to economic growth.

Generating the economic development needed to provide the resources that support a healthy social environment is an overarching challenge faced by all governments. The changing focus from economic growth to one supporting health and education programs is putting the onus on RDAs to re-emphasize the importance of economic development to support a healthy economy. ACOA has become the voice of economic development in the region and represents Atlantic Canada at both the federal and provincial levels to emphasize the importance of continued support to regional economic development.

How ACOA's Strategy Links to the Government of Canada's Objectives

ACOA's strategic priorities are linked to and support the Government of Canada's objectives as set out in the 2002 Speech from the Throne. The government highlighted the importance of several societal indicators that reflect a balance of social, economic and environmental interests. Some of ACOA's specific investments in innovation and the economic growth of Atlantic Canada under the Atlantic Investment Partnership are:

- \$300 million for the Atlantic Innovation Fund designed to strengthen innovation capacity. This is achieved through new investments in research and development activities, which lead to the commercialization of new products, services or technologies in economic sectors that have demonstrated potential for growth.
- \$123.6 million for Trade and Investment and for Entrepreneurship and Business Skills Development priorities.
- \$135 million for a Strategic Community Investment Fund in support of community economic development, assisting community-level projects that help to strengthen the economic base of communities and create new opportunities for investment and job creation.

The chart below illustrates the link between the goals and objectives of the federal government and ACOA's strategic priorities.

Government of Canada's Priorities	ACOA's Strategic Priorities/Initiatives Achievements Reported on Pages
Creating Opportunity: Innovation Skills and Learning Trade and Investment Connecting Canadians	Innovation..... 16 Entrepreneurship and Business Skills Development..... 18 Trade, Tourism and Investment..... 23,29,26 Government On-Line..... 55
Sharing Opportunity: A Clean Environment Strong and Safe Communities	Sustainable Development Strategy 57 Community Economic Development..... 34
Celebrating our Canadian Citizenship	ACOA's Action Plan, Section 41 of the <i>Official Languages Act</i> 58

Financial Trends and Performance

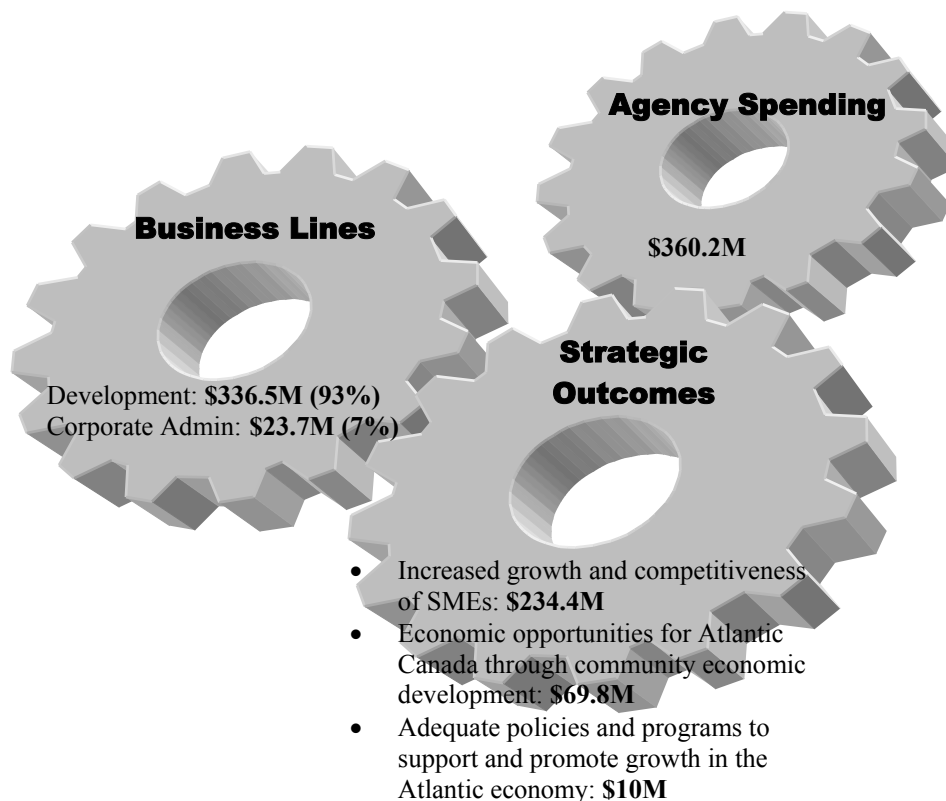
Agency spending of \$360.2 million for fiscal year 2002-2003 included \$273.7 million on transfer payments and \$86.5 million on operating costs and program-related expenditures. The Agency used the equivalent of 616 full-time employees in Atlantic Canada and Ottawa.

Expenditures in 2002-2003 were \$86.5 million less than the planned spending of \$446.7 million due mainly to a longer than anticipated implementation process for AIP. The 2002 - 2003 spending reflects a \$42.2 million increase (\$35.7 million for grants and contributions and \$6.5 million for operating costs, statutory payments and program expenditures) over the \$318.0 million spent in the previous fiscal year. Grants and contributions activity under the Atlantic Investment Partnership programming picked up significantly during the year, and contributions expenditures totalled \$47.6 million compared with \$0.6 million in the previous year. Spending increased by \$24.9 million under the Infrastructure Canada program as it entered its second full year of activity. Decreases of \$22.4 million were experienced in sunsetted programs such as the Canadian Fisheries Adjustment and Restructuring initiative and the Atlantic Groundfish Strategy. Adjustments to other programs account for the remaining \$13.8 million decrease. Operating costs have increased in line with increased activities undertaken by the Agency and are likely to stabilize at the current level.

The schematic below illustrates the linkage between Agency resources, business lines and desired strategic outcomes. The Agency invested \$336.5 million to support economic development, with \$23.7 million spent on the stewardship of its financial and human resources, and improved service delivery. A total of \$234.4 million was expended on

improved growth and competitiveness of Atlantic SMEs, \$69.8 million on economic opportunities for Atlantic Canadians through community economic development, and \$10 million on policies and programs to support and promote growth in the Atlantic economy. Other expenditures of \$46 million were made on the Infrastructure Canada and Statutory Transfer Payments programs.

New AIP programming saw investment in initiatives such as the Atlantic Innovation Fund, Strategic Community Investment Fund, Trade and Investment, and Entrepreneurship and Business Skills Development. Linking resources to strategic outcomes and business line activities strengthens the Agency's commitment to fiscal prudence, accountability for the stewardship of its public monies expended, and the promotion of economic development activities within Atlantic Canada.



ACOA's Strategic Outcomes

Strategic Outcome 1	
Improved growth and competitiveness of Atlantic small and medium-sized enterprises (SMEs), leading to increased productivity, earned incomes and job creation.	
Supported under ACOA's Strategic Priorities:	2002-2003 Resources (\$millions)
a) Innovation: Increased capacity to carry out leading-edge R&D, commercialization of new technologies, technology skills development, acquisition of new technologies	\$ 70.0
b) Entrepreneurship and Business Skills Development: Increased opportunities for Atlantic Canadians to start and successfully grow their own businesses	\$ 21.1
c) Trade: Increased export performance of the Atlantic region	\$ 29.6
d) Investment: Increased Foreign Direct Investment in Atlantic Canada	\$ 2.2
e) Tourism: Increased profitability, investment and wages	\$ 37.5
f) Access to Capital and Information: Employment, new business start-ups and expansion projects	<u>\$74.0</u>
	\$234.4
Key Partners	
Private sector, provincial governments, other Industry Portfolio departments, other government departments. Some examples: Business New Brunswick, Business Development Bank of Canada, Natural Resources Canada	
Key Targets and Overall Results	
Employment	<ul style="list-style-type: none"> • For each dollar invested directly in businesses through ACOA programming, there is a \$5 increase in Atlantic GDP • From 1989 to 2002, the increase in payroll (a good measure of earned income) was nearly twice that of unassisted firms • Business survival rates for ACOA-assisted firms is two and one-half times that of unassisted businesses • Since 1994, promotions through the Atlantic Canada Tourism Partnership (ACTP) have brought in approximately \$170 million in incremental tourism revenues • Approximately 400 firms began exporting in last five years See Web site: http://www.acoa-apeca.gc.ca/e/library/audit.shtml
Increase in wages and salaries	
Business survival rates	
Tourism- Increase in tourism revenues	
Trade – Increase number of exporters	
Programs, Resources and Results Linkages	
<p>Business Development Program (BDP) – interest free, unsecured loans to SMEs to set up, expand or modernize, in 2002-2003, expended \$77.7 million Results: Employment growth four-times that of unassisted firms. Web site: Evaluation: http://www.acoa-apeca.gc.ca/e/library/audit/busdevprog.shtml</p> <p>Canada Business Service Centres (CBSCs) – provision of business-related services and information products to SMEs and aspiring entrepreneurs, in 2002-2003, expended \$2.7 million Results: Interaction with clients increased by 68% in last two years Web site: http://www.cbsc.org/</p> <p>Atlantic Innovation Fund – assist projects in the area of natural, applied, and social sciences, in 2002-2003, expended \$36 million Results: 1st round of proposals (last year): 47 proposals selected, \$155 million in funding 2nd round of proposals (this year): 174 proposals seeking \$545 million in funding Web site: http://www.acoa-apeca.gc.ca/e/financial/aif/index.shtml</p>	
Management Practices	
For each of ACOA's Strategic Priorities, specific results and measures have been identified, along with interim indicators and key performance indicators. Agency performance targets are formally reported on annually by program and by service line, which can be rolled up to a strategic priority level. ACOA continues to improve data quality for better analysis of all programs to implement the strategic plan for service quality and enhance the business process.	

Strategic Outcome 2	
Economic opportunities for Atlantic Canada through community economic development.	
<p>Supported under ACOA's strategic priority: Community Economic Development</p> <ul style="list-style-type: none"> a) Self-sustaining, economically viable communities b) Communities' self-development and alternate employment in areas affected by the closure of resource-based industries or wind-down of large projects c) Expanded access to government business services d) Increased number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations 	<p>2002-2003 Resources (\$millions)</p> <p>\$69.8</p>
Key Partners	
Community-based economic development, Aboriginal communities, voluntary groups. Some examples: volunteer boards for the Community Business Development Corporations (CBDC), local Chambers of Commerce and Boards of Trade	
Key Targets and Overall Results	
ACOA has supported 52 regional development organizations charged with establishment of strategic economic plans and co-ordinating community-based development. The Agency has encouraged the development and enhancement of numerous tourism generators, resource-based industry developments, entrepreneurship and various other community capacity developments. ACOA has also supported the CBDCs that have provided nearly 10,000 business loans to rural enterprises over a 7 year period totaling \$259 million	
Programs, Resources and Results Linkages	
<p>Strategic Community Investment Fund (SCIF) - supports strategic initiatives that enable communities to adopt new technologies, enhance competitiveness of their industrial base and develop their economic infrastructure, in 2002-2003 expended \$24.9 million</p> <p>Results: Announced June 2001 as a five-year, \$135-million program. Activity in 2002-2003: 116 projects approved, \$43 million in contributions toward project costs of \$115 million</p> <p>Web site: http://www.acoa-apeca.gc.ca/e/financial/SCIF.shtml</p> <p>Seed Capital ConneXion Program for Young Entrepreneurs –unsecured, personal loans to young entrepreneurs to start up or expand a business and counselling and training loans, in 2002-2003, issued \$3.8 million in loans</p> <p>Results: Over last five years, 2,150 loans issued providing \$21.7million in assistance and \$46.2 million in additional leveraging</p> <p>Web site:http://www.acoa-apeca.gc.ca/e/financial/capital.shtml</p> <p>Community Futures - - autonomous, not-for-profit Community Business Development Corporations (CBDCs) supported by ACOA to help entrepreneurs in rural areas access information, advice and capital, in 2002-2003, issued \$39.8 million in loans</p> <p>Results: The average loan created 1.9 jobs and maintained 3.3 jobs</p> <p>Web site: CBDC: http://www.acoa-apeca.gc.ca/e/financial/community.shtml</p>	
Management Practices	
Partnerships are used extensively for program delivery. Part of the Modern Business Management Initiative will see process mapping for core/programming activities such as the CBDCs and the CBSCs. This should identify opportunities for improvement to delivery of services.	

Strategic Outcome 3	
Adequate policies and programs to support and promote growth in the Atlantic economy.	
Supported under ACOA's strategic priority: Policy, Advocacy and Co-ordination Policy and program activities that support and promote improved competitiveness in the Atlantic economy, including research and analysis, co-ordination of the relevant development activities of other stakeholders, and advocacy of Atlantic Canada's interests in national decisions	2002-2003 Resources (\$millions) \$10
Key Partners	
Universities and research institutions, provincial governments and municipalities, private sector, other federal government departments. Some examples: Canadian Institute for Research on Regional Development, Industry Canada, University of Prince Edward Island	
Key Targets and Overall Results	
<ul style="list-style-type: none"> • Identification and analysis of key issues, research areas, best practices, that enhance our understanding of the Atlantic economy in order to improve ACOA's capacity to co-ordinate and plan activities and programs that contribute to economic growth. Please refer to ACOA's Web site under Publications –Policy Research for more detailed info http://www.acoa-apeca/e/library/policy.shtml • Greater economic activity in Atlantic Canada through policies and programs sensitive to the needs of Atlantic Canada 	
Programs, Resources and Results Linkages	
The Function	
<ul style="list-style-type: none"> • The Policy function centres on improving the understanding of regional issues and providing a basis for decision making. It performs its role by means of research, ongoing analysis of issues and trends and by events such as roundtables and conferences engaging other parties and stakeholders. • The Advocacy function has two main thrusts: to maximize regional industrial benefits from major federal procurement contracts, and to help ensure national policies and programs have due regard for Atlantic Canada's interests. • Co-ordination involves ACOA's taking the lead on major economic issues, as well managing special projects and key initiatives on behalf of the Government of Canada and through the engagement of economic partners in addressing the Atlantic region's strategic economic priorities. 	
Resources	
<ul style="list-style-type: none"> • The Policy Advocacy and Co-ordination function is carried out by Agency officials in Head Office, the Ottawa office and all regional offices. Some of the work is contracted out and is often carried out in collaboration with other key partners in economic development. 	
Management Practices	
The Agency's Modern Business Management Initiative has identified a refined corporate planning process showing the relationships between related components, including an Environmental Outlook. This should facilitate monitoring of results against strategic priorities. The Agency has also started work on an Integrated Risk Management framework consistent with Treasury Board guidelines.	

Other Expenditures	
	2002-2003 Resources (\$millions)
Infrastructure Canada Program to enhance municipal infrastructure in urban and rural communities	\$40.6
Statutory Transfer Payments made by ACOA for liabilities, see Annex B, Table 6	\$5.4
Subtotal	\$46
2002-2003 Total Resources \$360.2	

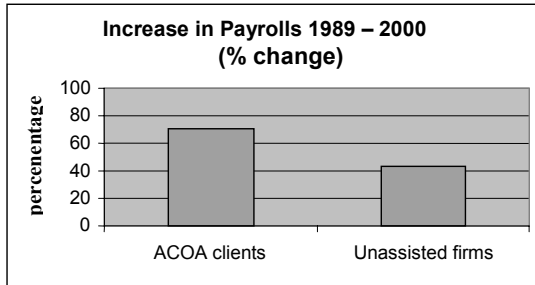
Section III – Performance Accomplishments

Achievements in Economic Development

(See Annex C – Methodology for Estimating Economic Impact)

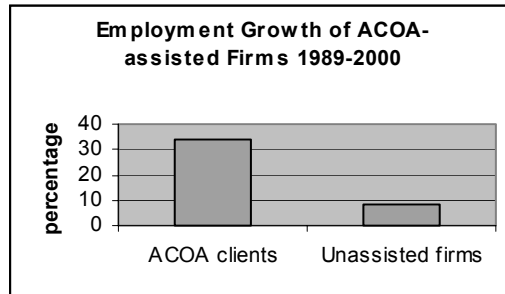
Impact on Income

Payroll data from Statistics Canada Employment Dynamics indicate payroll increases for ACOA-assisted firms is nearly twice that of unassisted firms from 1989 to 2000.



Employment Growth

Statistics Canada data also show that over an 11-year period beginning in 1989, employment growth of ACOA-assisted firms was nearly four times that of non-assisted firms.



Impact on Gross Domestic Product (GDP)

GDP was almost \$1 billion higher annually by 2002 than it would have been in the absence of ACOA's expenditures in direct support of business. Over the five-year period of 1998 to 2002 direct Agency support to business has produced total accumulated annual increases of over \$5 in GDP gains for every dollar of ACOA expenditure (estimated in constant 1997 dollars).

Strategic Outcome 1
Improved Growth and competitiveness of Atlantic small and medium-sized enterprises (SMEs) leading to increased productivity, earned incomes and job creation.

a) Development and commercialization of new technologies, increased innovation capacity and growth of strategic sectors/clusters.

Supported under ACOA's strategic priority: Innovation

Planned Results (Targets)	Results
New partnerships for technology development and commercialization – 30 per year.	<i>Target exceeded. Approximately 46 partnerships formed, 39 were through Atlantic Innovation Fund. (AIF)</i>
Start-up of technology-based SMEs – six per year.	<i>Target exceeded. Approximately eight start-ups were supported.</i>
Strengthened strategic sectors/clusters (e.g. aquaculture, ocean industries, biotechnology, information technology) – four sectors/clusters.	<i>Target exceeded. Under AIF, 10 strategic sectors are being strengthened.</i>
Strengthened technology development that allows resource sectors to increase their competitiveness – two sectors.	<i>Target exceeded. Technology developments being supported in five resource sectors.</i>
Strengthened innovation system linkages through support to strategic technology networks.	<i>ACOA continues to nurture its support for strategic technology networks such as Softworld 2000 (an IT networking conference), which attracted over 400 delegates, or the creation of a pan-Atlantic Materials Research Network.</i>
New products and processes commercialized – 45 per year.	<i>Target Exceeded. 69 projects supported totalling approximately \$50 million in assistance.</i>
Increased awareness and use of e-commerce by SMEs in Atlantic Canada.	<i>On track. "E-business for Your Business" sessions were held in New Brunswick and in Nova Scotia.</i>
Improved level of new technology adoption and productivity by implementing TopTech sessions and a new technology adoption initiative for the wood products sector (NB).	<i>Target achieved. In New Brunswick, three companies implemented productivity improvement through TopTech sessions held for the wood products sector.</i>
Increased innovation awareness by implementing commercialization sessions matching university researchers and SMEs (NB).	<i>On track. Technology commercialization sessions held in New Brunswick and Nova Scotia.</i>

Accomplishments

Innovative companies are growing companies. They create jobs and new opportunities for businesses faster and more successfully than do their less innovative counterparts. Building an environment where more companies can fully participate in, and contribute to, the global, knowledge-based economy is key to Atlantic Canada's long-term competitiveness.

Specifically, the Agency focusses on improving the region's capacity to carry out leading-edge research and development, facilitating the commercialization of new technologies, helping companies adopt the latest technologies and upgrade their technology skills and encouraging partnerships and alliances among private sector firms, universities and research institutions.

- The first round of proposals under the Atlantic Innovation Fund (AIF) resulted in the selection of 47 projects totalling approximately \$155 million in funding and representing a mix of the private sector, university and research institute initiatives located throughout the region. For every dollar of AIF funding, the project proponents leveraged an additional \$1.20 in funding from a variety of private and public sector sources. The second round attracted 174 proposals seeking a total of \$545 million in funding toward total project costs of \$1.0 billion.
- The Agriculture and Agri-Food Canada/Atlantic Canada Opportunities Agency/National Research Council (AAFC/ACOA/NRC) Commercialization Initiative, a three-year pilot initiative, was renewed and enhanced in 2002-2003. A project involving a partnership between Satlantic of Halifax, Nova Scotia, and the AAFC Research Station in Kentville, Nova Scotia, received a Federal Partners in Technology Transfer award. The project involved the commercialization of a trademark device (HarvestWatch) that monitors the health of apples and other fruit in long-term storage.
- An SME Innovation Guide was developed and is available on-line at <http://www.acoa-apeca.gc.ca/innovationE/guide/index.shtml>. This guide is designed to help entrepreneurs become more innovative by developing new products, services and technologies.
- Workshops and seminars were held on topics such as technology commercialization, new product development, clustering, and e-business.
- ACOA partnered with the Province of New Brunswick in the establishment of a virtual innovation team, comprised of three sub-groupings: SME-focussed, institutionally-focussed and R&D culturally-focussed. Further, ACOA provided input into a pan-Atlantic proposal to establish a Canadian Environmental Technology Advancement Centre (CETAC) office in Atlantic Canada and

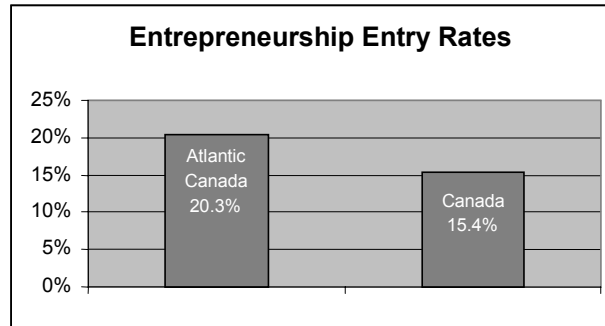
participated in a National Research Council (NRC) roundtable strategy session on e-health R&D.

- ACOA supported Memorial University of Newfoundland (MUN) and Newfoundland Genomics to establish a genetics research centre. The mutual goal is to significantly stimulate research on human medicine, fisheries, biodiversity and endangered species throughout Canada. The collaboration will provide industrial biotechnology exposure not currently available to MUN students. It is expected that 10 to 12 jobs will be created immediately and as many as 50 to 100 full-time positions may be created in the areas of genetics research and clinical drug trials over the long term.
- In Nova Scotia, ACOA initiated a series of seminars for university researchers to showcase their capabilities to business people. The intended outcome, with some success to date, is to encourage local businesses to utilize the resources and intellectual capital within universities to address technical problems associated with their business.
- In the fall of 2002, ACOA launched the Innovation Skills Development Initiative (ISDI). This initiative is designed to improve the innovation management and technical competencies of SMEs in Atlantic Canada.

b) Increased opportunities for Atlantic Canadians to develop the motivation and business skills required to start and successfully grow their own business.	
Supported under ACOA's strategic priority: Entrepreneurship and Business Skills Development	
Planned Results (Targets)	Results
Increased awareness of the benefits of good management practices by promoting the benefits and usage of management training and skills development.	<i>On track.</i>
Increased use of management training products by providing business skills development opportunities such as courses, workshops and mentoring.	<i>On track.</i>
Enhanced awareness of entrepreneurship as a career option among young people by 2002-2003.	<i>Target achieved. 2003 survey indicates that 21% of young people intend to start a business, up from 13% a decade ago.</i>

Accomplishments

There is evidence to suggest the Atlantic region possesses a vibrant entrepreneurial spirit on which to build a strong future. Over the period 1990-1998, the average annual rate of new business start-ups in Atlantic Canada was 20.3%, exceeding the Canadian rate of 15.4%.¹



ACOA continues to foster entrepreneurship and business skills development because it creates jobs for Atlantic Canadians. With almost 75% of jobs arising from small and medium-sized businesses, creating an environment that produces more and better-prepared entrepreneurs is key to the region's future.²

Of course, the government cannot "create" entrepreneurs. People make up their own minds about their career paths based on perceptions of what seems realistic given the skills they have, or the skills they can readily develop. This also aptly describes ACOA's role in entrepreneurship and business skills development. ACOA supports projects and activities that are designed to ensure as many people as possible view entrepreneurship as a career path. ACOA then follows through to ensure there are opportunities for them to acquire the skills needed to plan, launch and grow a business.

Succeeding in the knowledge-based global economy is closely linked to being innovative and investing in skills and training. Yet, this is a particular challenge in Atlantic Canada where 73% of firms have fewer than five employees.³ For such small firms, investments in training and skills development may not be seen as a high priority. Part of ACOA's strategy, therefore, is to help communicate the importance of such investments. The appropriateness of this communication effort is reinforced by the relatively poor state of business skills in Atlantic Canada. The region ranked 36th out of 49 countries in an international study that measured management competencies, so clearly there is room for improvement.⁴

The following points illustrate the progress ACOA has made in 2002-2003 toward increasing awareness of the benefits of good management practices:

- Developed and distributed the publication, *The Innovation Skills Challenge: Profiles from Atlantic Canada*. This resource profiles nine Atlantic Canadian firms that have

¹ Statistics Canada, *Employment Dynamics*.

² IBID

³ IBID

⁴ North American Policy Group, *Atlantic Canada and the World: A Development Comparison*, June 1996.

all realized that innovation depends on investing in people and the creation of an “innovation culture” within a firm where ongoing skill development is essential. The publication is available at Canada Business Service Centres, economic development agencies, ACOA offices and on ACOA’s Web site at <http://www.acoa-apeca.gc.ca/e/library/pamphlets/challenge/challenge.SHTML>

- Partnered with Ernst and Young on the *2002 Atlantic Entrepreneur of the Year Awards*. These awards profile the region’s most innovative and successful entrepreneurs and help create awareness among business people and the population at large about the calibre of entrepreneurs the region is producing. They also help set the standard for business skills development.

Simply promoting investments in business skills development is, by itself, insufficient. Such efforts must be balanced with programs and resources that can be accessed by Atlantic Canadians looking for practical ways to develop or improve their business skills. The rationale for investing in this area stems from different studies. For example, according to a 1996 study, the main cause of bankruptcy and business failure among new Canadian firms is the lack of management training and experience of their leaders.⁵ This is why ACOA invests in management training initiatives such as:

- Entrepreneurship and Business Skills Development Partnership (EBSDP) - a highlight achievement of 2002. This is a \$59.6-million component of the Atlantic Investment Partnership and demonstrates ACOA’s enhanced emphasis on business skills development. It focusses on the development of entrepreneurship amongst young people and women, and on the development of innovation skills. In its first six months, the EBSDP facilitated 125 projects representing an ACOA investment of approximately \$9 million, which in turn leveraged an additional \$4 million in assistance from other sources.
- ProfitLearn - through a partnership with the New Brunswick Training Group Inc., close to 1,200 business people participated in a number of workshops focussing on various aspects of operating and growing a business. This represents a 32% increase in participation over two years. Of course, the real question is whether participants in such workshops will be able to improve their businesses as a result. Feedback is encouraging, with 87% of participants saying they will be able to apply this new information “always” or “often.” Indeed, 95% say they would like to attend more sessions, which speaks to a willingness among Atlantic entrepreneurs to continue improving their business skills.
- A Web-based entrepreneurship and small business management French language course – in partnership with specific community colleges. Although this is a recent initiative, 40 Atlantic Canadians have registered for the course. On-line access to business skills development such as this is particularly important for people located in rural areas where it can be more difficult to access training. For more information, please visit: <http://dieppeweb.ccnb.nb.ca/>

⁵ Gasse, Y., *Research Project on Best Management Practices*, 1996.

- Conferences for women entrepreneurs – held in Newfoundland and Labrador, as well as in Prince Edward Island. Venues such as these are critical to bringing together targeted groups of entrepreneurs to develop business skills, network and mentor one another to help create a community of entrepreneurs in the region and to address the sense of solitude that many entrepreneurs experience.

ACOA has emphasized the development of young entrepreneurs for many years and several reasons. For one, it is helpful to expose young people to entrepreneurship at a stage in their lives when they are weighing their options and making decisions about where to live and what to do. It is also important to provide youth with an alternative to merely looking for a job. This is particularly significant since young people often choose to move to an urban area, or leave Atlantic Canada altogether.⁶

In 2002-2003, activities to enhance awareness of entrepreneurship as a career option among young people included:

- Enabling 400 students to learn about starting a business through the Youth Ventures Program, undertaken in concert with Community Business Development Corporations. As a result, 260 summer businesses were started, creating employment not only for the business owners, but for another 150 students as well. This is a long-term investment in the development of entrepreneurial attitudes and skills – one that helps foster an entrepreneurial culture and empowers people to chart their own futures in Atlantic Canada through entrepreneurship.
- Positioning entrepreneurship as a career path for young people. For example, through a partnership with the CBC, young entrepreneurs are regularly profiled on the popular youth-oriented TV show *Street Cents*. Young Francophone entrepreneurs were also featured in a series of vignettes distributed through various media, particularly Radio-Canada’s television programming in Atlantic Canada.
- Working co-operatively with School Boards in developing the Regional Economic Development and Schools Initiative. Seventy-two modules were developed, enabling high school students to explore the entrepreneurial opportunities inherent in their local economy.
- Partnering with Junior Achievement enabled 3,700 students to learn about what it takes to be an entrepreneur and to experience, hands-on, how to effectively apply entrepreneurial skills.
- Continuing the Business Builders initiative enabled 100 students, aged 8 to 16, to receive an orientation in the basics of entrepreneurship and the creation of their own businesses.

⁶ Corporate Research Associates Inc., *Study of Entrepreneurship Among Young Atlantic Canadians Aged 15-19*, 2001.

- Pursuing efforts to ensure young Aboriginals have opportunities to explore entrepreneurship. Activities included the opening of a youth-friendly entrepreneurship walk-in centre called “Open For Business” (one of eight such centres in Atlantic Canada) serving the Eskasoni community in Cape Breton. Centres such as this often act as catalysts for other related activities. For example, through the Eskasoni Open For Business, a series of entrepreneurship workshops are being conducted in five Aboriginal communities throughout Cape Breton.

The results of such efforts are encouraging as research now indicates that 21% of young Atlantic Canadians aged 18 to 34 intend to start a business within the next two years.⁷ The comparable statistic for a decade ago was only 13%, which signals a tremendous growth in the number of young people considering entrepreneurship.

By its very nature, ACOA’s involvement in youth entrepreneurship development is long-term. For example, exposing a high school student to entrepreneurship may only yield economic benefits for Atlantic Canada in several years once that student has finished studying and decided to start a business, thereby creating employment in the region.

Research indicates that ACOA investments are paying off. There is evidence of a positive connection between exposure to entrepreneurship at a young age and the eventual start-up of a business. For example, research indicates that one in four young people who currently operate a business in Atlantic Canada took high school courses concerned with starting a business.⁸ Post-secondary courses on entrepreneurship were taken by 44% of young entrepreneurs. When asked about what would be the most helpful options for young people starting a business, all responses point to areas of activity already supported by ACOA and its partners. A significant number of young entrepreneurs surveyed (69%) indicated that government programs and information are an important career influence.⁹

⁷ Corporate Research Associates Inc., *Atlantic Omnibus Survey*, February 2003.

⁸ Corporate Research Associates Inc., *Study of Entrepreneurship Among Young Atlantic Canadians Aged 15-19*, 2001.

⁹ IBID

c) More SMEs exporting; more export-ready SMEs; existing exporters selling more and to diversified markets.	
Supported under ACOA's strategic priority: Trade	
Planned Results (Targets)	Results
Increased number of potential exporters committed to exporting and meeting basic export readiness/skills requirements - 300 per year.	<i>Target exceeded: 590 potential exporters.</i>
Increased number of new (first-time exporters) - 80 per year.	<i>85% of target achieved.</i>
Develop and implement sector export strategies - two per year.	<i>Target exceeded: two pan-Atlantic and five provincial strategies were developed. In addition, two provincial strategies were implemented.</i>
Existing exporters equipped with necessary information and skills and targeting new export markets - 100 per year.	<i>Target exceeded: 102 existing exporters.</i>
Existing exporters successfully securing new export markets - 40 per year.	<i>Target exceeded: 46.</i>

Accomplishments

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.

While firms in the region are increasingly taking advantage of these opportunities, fewer than 5% of Atlantic Canada's SMEs are currently exporting.¹⁰

In order to increase the number of exporting SMEs in Atlantic Canada, ACOA, together with its partners, strives to increase the region's total export output by: creating greater awareness of exporting as a growth strategy for SMEs; promoting and supporting export skill development among potential and existing exporting firms and business consultants; providing access to financing for SMEs and industry and business associations; and generating more knowledge on the export development needs and sectoral export capability of the region's export community.

The Agency's role was further strengthened with the introduction of the \$54-million trade component of the Atlantic Investment Partnership in 2002. The Atlantic Trade and

¹⁰ Statistics Canada, *Export Registry and Business Registry*, 2003.

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, Skills Development and Trade Internships, that build upon partnerships established with trade partners.

- The Agency continues to focus on pan-Atlantic trade missions specific to the United States and European markets. For example:
 - Building on the success of five previous trade missions to Atlanta and Boston, ACOA organized two Team Canada Atlantic Missions to New York in May and November of 2002. The two latest missions, led by the Minister of State for ACOA and the four Atlantic Premiers and their Ministers responsible for trade, included a total of 77 Atlantic Canadian firms participating in over 550 meetings with U.S. firms in the New York tri-state area. Survey results indicate \$14.95 million in expected sales and the creation of 135 jobs over the next two years. Additional information about the Team Canada Atlantic Trade Missions can be found at <http://www.teamcanadaatlantic.com/tca/>
 - ACOA also organized a pan-Atlantic trade mission to the International Boston Seafood Show. Eight Atlantic Canadian firms participated in the mission, which included attending the Seafood Show, business meetings and networking events. The mission resulted in 24 new leads identified, with three firms indicating short-term sales under \$100,000 and two firms indicating short-term sales between \$100,000 and \$500,000.

The ongoing success of these pan-Atlantic initiatives has resulted in direct economic benefits to the Atlantic region by increasing export sales and the visibility of Atlantic Canadian products and services in key U.S. and European markets:

- A Prince Edward Island Trade Mission to Dublin, Ireland, met with positive results. Trade Team Prince Edward Island, ACOA and its federal and provincial partners organized the mission with eight Island companies to explore trade and export opportunities in Europe's fastest-growing economy. Results of the mission show that revenues of over \$4.6 million are expected within the next two years, as well as the anticipated creation of 35 jobs resulting from business generated by mission activities.
- The year 2002 also marked the launch of the Agency's Export Internship for Trade Graduates program under ATIP. The program, delivered throughout the region in partnership with Atlantic post-secondary institutions, places university students who have completed formal training in the area of trade with companies that are pursuing new export markets for growth. During the 2002-2003 period, 18 graduates were placed with firms in New Brunswick and Newfoundland and Labrador. Placements in Nova Scotia and Prince Edward Island will be undertaken for the first time in the next fiscal year. Through the administration of this program, the Agency provides hands-on, trade-related work experience for Atlantic Canadian students, while

contributing to the export performance of the Atlantic region by providing SMEs with in-house trade expertise.

- The Export Partnering Program (EPP) in New Brunswick continues to be highly successful in meeting its goals. Three awareness sessions were held at various educational institutions across the province. Ten companies were matched with 10 marketing students, who assisted the companies in the export development area throughout the academic year. This co-operation and collaboration culminated in a joint trade mission to the New England market at the end of the school year. Since its inception in 1995, 103 SMEs, 334 students, three universities and one college have taken part in the EPP. As partners, these groups have worked together to increase the exporting potential of New Brunswick businesses, and hone the abilities of students to become future trade officers and/or counsellors.¹¹
- The Agency completed a number of successful initiatives in the trade skill development area in 2002-2003.
 - In Nova Scotia, ACOA organized nine export information workshops in three rural communities covering the topics of international marketing, export financing and trade logistics. In total, 142 participants, representing potential and experienced exporters, attended the sessions, with 57% of participants stating that the workshops helped them to identify and expand their export opportunities.¹² In addition to the workshop series, 15 trade awareness sessions resulted in 150 community and business leaders reporting an increased knowledge and awareness of export programs and services.¹³
 - In Prince Edward Island, 45 participants attended the “Export Series for Success” trade awareness workshops organized by the Agency. In Newfoundland and Labrador, 30 potential exporters attended awareness and training sessions sponsored by ACOA.
 - In New Brunswick, the Agency organized 70 one-on-one trade consultation sessions, three multi-day training sessions, and 10 trade-awareness sessions, with the participation of 307 SMEs.
- Agency assistance to SMEs in Atlantic Canada has contributed to the increase of first-time exporters. In the past five years, ACOA helped over 400 companies begin to export.
- The Agency continues to promote partnerships, consensus and “clusters of capability” in sectors where export potential has been identified, as well as to provide blueprints for guiding export development activity in key growth sectors. This year, with

¹¹ ACOA, *Press Release*, April 24, 2003.

¹² ACOA, *Export Success Workshop Series Evaluation*, March 2003.

¹³ ACOA, *ATIP Final Report and Attendee Seminar*, October 2002.

support from the IBDA, two pan-Atlantic export strategies for the Information Technology and Plastics sectors were completed.

- The Agency also supported the development of five provincially-based sector strategies including: the value-added wood products industry in Prince Edward Island; the Boat Building and Environmental sectors in Newfoundland and Labrador; the E-Learning sector in Nova Scotia; and the Metal Working sector in New Brunswick. In addition, implementation of export strategies for the Oil and Gas, and Aerospace and Defence sectors in Nova Scotia are underway.

d) Increase foreign direct investment in the Atlantic region.	
Supported under ACOA's strategic priority: Investment	
Planned Results (Targets)	Results
Corporate investment, intelligence and investment leads by strengthening investment partnerships.	<i>On track.</i>
General information about the region as a prospective investment site and regional profiles as part of investment missions.	<i>On track.</i>
Identification and analysis of the key factors influencing investment by foreign corporations in Atlantic Canada and developing information/awareness materials.	<i>On track.</i>

Accomplishments

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 focusses on the areas of investment research, awareness and promotion, identification and development of investment intelligence and leads, and partnerships. The strategy is delivered through close working relationships with the four Atlantic provinces, Investment Partnerships Canada (IPC), the Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada.

Following are some examples of how ACOA has worked to increase awareness throughout the FDI community, and to enhance investment development partnerships with provincial and federal partners in order to attract/increase FDI in Atlantic Canada.

- The Agency continues to oversee a number of pan-Atlantic investment projects through the Atlantic Investment Co-ordination Committee (AICC). The committee,

established to foster greater co-operation and co-ordination in the area of foreign direct investment development within the region, is co-chaired by the Agency, and includes the directors of investment for the four provinces as well as officials with Industry Canada and Investment Partnership Canada. Successful initiatives in 2002-2003 included:

- Pan-Atlantic representation at the lead development conference “Relocation Summit 2002” in Washington, D.C. Each Atlantic representative participated in approximately 15 official meetings with senior corporate management delegates who had indicated they had corporate expansion plans. A number of leads continue to be pursued.
 - The AICC hosted, in tandem with the 34th Annual Economic Development Association of Canada Conference in Prince Edward Island, the Department of Foreign Affairs’ annual United States investment officers’ meeting. The meeting provided an opportunity to increase the awareness of Atlantic Canada as an investment location, and served to update the officers on the region’s investment activities. In addition to the presentations delivered by the AICC partners, three U.S. companies with establishments in Atlantic Canada presented FDI testimonials.
 - The organization of site selector familiarization tours in Nova Scotia and Newfoundland and Labrador for three site selectors.
 - Distribution of intelligence information, research and potential investment leads to ACOA’s provincial partners through the AICC network.
- The placement of an ACOA investment officer within Investment Partnership Canada in early 2003 continues to greatly benefit both organizations with regard to their respective investment responsibilities and activities, including Team Canada Atlantic missions.
 - Phase Two of the Foreign Direct Investment (FDI) study was completed by the Atlantic Provinces Economic Council (APEC) for ACOA in early 2003. Entitled *A Profile of Foreign Firms in Atlantic Canada*, the study, primarily a database of FDI in the region, will be used to benchmark the origins of FDI in Atlantic Canada from a sectoral and geographic perspective. The study has allowed ACOA to conduct further analysis for marketing purposes in FDI attraction and industry cluster development. The study may be found at www.apec-econ.ca.
 - Several pieces of collateral marketing materials were produced and distributed to over 200 DFAIT counsellors in posts abroad, 500 site selectors, as well as other key contacts. Materials produced included the Atlantic Business Environment Profile,

profiles of the energy and biotechnology sectors, sector specific e-business CD-Rom cards, and the launch of new ACOA Investment Web pages, (see www.acoa.gc.ca/invest).

- In Prince Edward Island, communication goals, promotional tools and brochures were developed for *Invest P.E.I.*, and meetings with investment prospects in the New York/New Jersey area were held.
- The Agency completed the first phase of its media campaign consisting of advertisements placed in editions of *Forbes*, *Fortune*, *Fortune Small Business*, *Money, Inc.*, and *Business Week* magazines for the New York, Washington, Atlanta and Boston markets. The series of advertisements, designed to raise awareness of the region as an attractive investment location, were produced using the theme “Atlantic Canada: A Profitable Place to Do Business.”
- Once again, investment promotion activities were integrated within the Team Canada Atlantic trade missions to New York. Activities involved a series of meetings and roundtables showcasing Atlantic Canada to corporate lawyers, site selectors, business executives and energy leaders. For more information see the Web site <http://www.teamcanadaatlantic.com/tca/>.

e) Increased profitability, investment and wages in the tourism sector, resulting from higher quality in-demand products that operate over longer seasons.

Supported under ACOA's strategic priority: Tourism

Planned Results (Targets)	Results
Investment and tourism development in strategic product and geographic areas	<i>On track. Co-ordinated pan-Atlantic initiatives to establish, improve the market readiness and market four new niche tourism products (high-end attractions, touring products, outdoor adventure, and seaside resorts), and three existing niche products (cruise ship, eco-systems, economuseums).</i>
Conversion from traditional resource-based activities to tourism in communities demonstrating sustainable competitive advantage	<i>On track. A functional, sustainable tourism community screening and mentoring model based on the Bouctouche Sustainable Tourism Program was developed and delivered to seven tourism communities in Atlantic Canada. Bouctouche provided the momentum, energy and tools required for participant communities to establish sustainable tourism practices. Participant communities are in varying stages of addressing opportunities (developing action plans, SWOT analysis, vision, hiring dedicated personnel, product financing applications, new infrastructure, etc.).</i>
Focus industry attention on products that improve in quality, productivity, yield and appeal	<i>On track. Initiatives helped contribute to: increased product quality; accommodation star/grading rating; increases in average room rates and revenues per room; increases in the supply of in-demand, high-quality waterfront cottages; additional historic country inns; campgrounds; and tourism operator knowledge required to develop in-demand, quality tourism products.</i>
More customers who visit at off-peak times of year, more markets reached with greater impact, increased export tourism receipts	<i>On track. Provincial tourism statistics indicate tourism-related spending in Atlantic Canada reached \$3.17 billion in 2002, a 14% increase over the previous year.</i>
More effective use of resources from federal and other partners through policy, advocacy and co-ordination	<i>On track. Communicated the need to focus on quality and wide development/deployment of benchmarks and industry standards (mystery shopping, best practices, grading certification and employee training program.). Presentation/information sessions shared research and market intelligence on product and marketing opportunities and threats. Informed potential partners (industry groups, associations, provincial departments, etc.) of opportunities in the tourism sector. Facilitated long-term, strategic planning in the tourism industry via private and public partnerships.</i>
Direct promotion of Atlantic Canada as a travel destination both domestically and internationally	<i>On track. Successful delivery of the Atlantic Canada Tourism Partnership and other marketing partnerships in targeted international and domestic markets.</i>

Accomplishments

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.

Throughout Newfoundland and Labrador, tourism is a high priority for development. In the absence of alternative opportunities in the fishery or other primary industry, tourism has emerged as an option for many rural areas of the province. During 2002-2003, ACOA supported 138 tourism projects in the province, contributing \$14.7 million toward \$26.6 million in total project costs. Emphasis was placed on enhancing travel generators within strategic locations, assisting firms in improving product quality and supporting marketing activities.

Estimating the impact of tourism in Newfoundland and Labrador

For every 10,000 additional non-resident visitors to the province, and extra \$6.2 million in spending occurs, 500 seasonal jobs are created and \$4.4 million in GDP is generated.

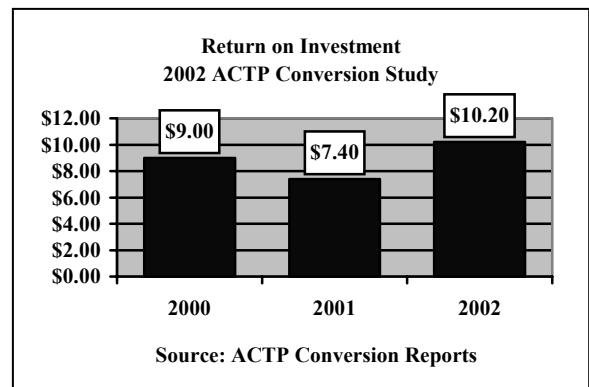
Tourism now contributes an estimated \$10 million a year in earned income to the Great Northern Peninsula's economy (7.8% of all wages and salaries). The industry accounts for 20% of employment within the region.

Source Estimates: ACOA Policy and Co-ordination Branch

On Cape Breton Island, ACOA has invested nearly \$3 million in 2002-2003 to improve overall product quality and lengthen the tourism season. An example of ACOA's investment at work is the Celtic Colours International Festival and the Sydney Marine Terminal Redevelopment project. Celtic Colours draws attendance not only from every province and territory in Canada, but also from 18 additional countries. The festival injects over \$5 million into the local economy annually.

In Nova Scotia, New Brunswick and Prince Edward Island, ACOA continues to grow the tourism industry through investments in upgrading accommodations, establishing cultural and heritage attractions and other development and marketing initiatives. Work continues to enhance the quality of Atlantic Canada's tourism offerings, develop pan-Atlantic marketing plans, create awareness of Atlantic Canada as a leisure travel destination, and support research initiatives that collect market information and intelligence.

The Atlantic Canada Tourism Partnership (ACTP) has been cited as a strong example of how federal, provincial and industry partnership can benefit the Atlantic region. In 1994, the four Atlantic provinces and their tourism industries came together with the Government of Canada to create the Atlantic Canada Tourism Partnership. Since then, the Partnership has mounted three consecutive projects dedicated to promoting the



provinces of Newfoundland and Labrador, Nova Scotia, New Brunswick and Prince Edward Island as premiere tourism destinations in key international markets including the New England and Mid-Atlantic regions of the United States, the United Kingdom, German-speaking Europe, and Japan. An example of success is the U.S. consumer media campaign, where the ACTP obtained an average return on investment of \$10.20 in tourism-related spending for every \$1.00 of media purchased in 2002.

The U.S. consumer media campaign exemplifies the effectiveness of the ACTP in generating incremental tourism. During the course of the 2000-2003 Partnership, the U.S. campaign generated 315,000 information requests, delivered over 70,000 visitor parties that spent an estimated \$84.6 million while vacationing in Atlantic Canada. When compared with the 1997-2000 ACTP activities, inquiries increased by 90%, party visits by 94% and revenues more than doubled.

The Atlantic Canada Tourism Partnership's ongoing participation in the Canadian Tourism Commission (CTC) overseas marketing programs has continued to build on the "Canada's East Coast" brand in Europe and "Atlantic Canada, Where Canada Begins" brand in Japan. These

Atlantic Canada's Share of Overseas Visitor Province Visits & Spending in Canada						
	2000		2001		2002	
	Visits	\$	Visits	\$	Visits	\$
United Kingdom	5.6%	4.5%	6.8%	5.5%	6.4%	5.2%
Germany	8.7%	7.5%	7.8%	8.9%	8.3%	8.1%
Japan	1.7%	1.6%	1.8%	1.9%	2.2%	2.0%
Source: Statistics Canada International Travel Survey						

marketing initiatives have contributed to incremental shares of province visits and revenues from targeted European and Asia-Pacific markets. Atlantic Canada share of U.K. province visits increased by 14% and its share of U.K. visitor spending in Canada increased by 16%. Although the region's share of German visits to Canadian destinations declined 4.6%, its share of revenues increased by 8%. The Atlantic region also recorded a 29% increase in its share of Japanese visits to Canadian destinations and a 25% increase in its share of Japanese visitor spending.

The Tourism Atlantic Marketing Initiative (TAMI) was instrumental in assisting the tourism industry in Atlantic Canada recover from the impacts of the September 11, 2001 tragedy. TAMI was a one-time advertising campaign targeting leisure travellers in Ontario and Quebec. The TAMI initiative was a \$5-million project funded under ACOA's Business Development Program. ACOA's investment was 75%, or \$3.75 million. Industry and provincial partners contributed 25% (\$1.25 million) to the marketing initiative.

2002 Tourism Atlantic Marketing Initiative	
Inquiries	175,000
Party Visits	48,000
Revenues	\$46 million
ROI (Media Buys)	\$10.33
Source: TAMI Conversion Report	

f) Employment, new business start-ups and expansion projects as a result of Access to Capital and Information for Atlantic SMEs.	
Supported under ACOA's strategic priority: Access to Capital and Information	
Planned Results (Targets)	Results
Approximately 450 Atlantic SMEs assisted to help create employment, new sales, new business start-ups and increased activity.	<i>Target met. Financial assistance under Access to Capital was provided to 312 Atlantic SMEs, 57 of which were new establishments. A further 382 SMEs were provided assistance under the Seed Capital ConneXion Program for Young Entrepreneurs, 295 of which were establishments, for a total of 694 SMEs assisted including 352 for establishments.</i>
An expanded Consulting Advisory Services (CAS) placing more emphasis on counselling/mentoring, skills development/product improvements and specific initiatives under trade and innovation strategic priorities.	<i>On track. Approximately \$3.4 million (17% increase over 2001 - 2002) was spent on 938 CAS initiatives, about 64% of which related to counselling/mentoring, skills development/product improvements and specific initiatives under trade and innovation strategic priorities.</i>
Reinvestment in SME start-ups and expansions in Atlantic Canada as a result of loan repayments – approximately \$50 million per year.	<i>Target exceeded. Approximately \$55.3 million was collected in loan repayments during the year, which will be available for reinvestment.</i>

Accomplishments

Access to Capital remains central to economic development in Atlantic Canada where access to commercial financing is relatively more difficult than in the rest of the country. In the past ten years, the chartered banks have closed 16% of their branch network in the region¹⁴.

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. Since its inception in 1995, the BDP has been associated with the start up of over 800 new businesses in Atlantic Canada, principally in rural areas.¹⁵ During the 2002-2003 fiscal year, 553 SMEs received assistance under the BDP for a total of \$82.6 million in authorized assistance.

¹⁴ CFO Sustainability Group, *The Changing Banking Environment in Atlantic Canada and Effects on the SME Market & the Economy in General*, November 2002.

¹⁵ ACOA, *Evaluation of ACOA's Business Development Program*, February 2003.

The recent evaluation of the BDP found that the program's \$814-million investment, almost three-fourths of which has been direct assistance to SMEs, has had a major impact on SME performance and the Atlantic economy overall. The findings include:

- Between 1994 and 1998, employment growth in BDP-assisted firms across all industries grew almost four-times faster (62.9%) than for unassisted firms (16.2%);
- For the same period, the percentage change in payroll for BDP-assisted firms was more than six-times that of unassisted firms (10.6%); and
- 69% of BDP-assisted firms were still in business after three years, double the success rate of unassisted firms.

The evaluation may be found on ACOA's Web site at
<http://www.acoa-apeca.gc.ca/e/library/audit/busdevprog.shtml>

Strategic Outcome 2
Economic opportunities for Atlantic Canada through community economic development.

a) Support to rural communities in developing and implementing strategic and operational plans to create self-sustaining economically viable communities.

Supported under ACOA's strategic priority: Community Economic Development (CED)

Planned Results (Targets)	Results
Increased use of integrated community planning.	<i>On track.</i>
Increased opportunities for economic development through the Strategic Community Investment Fund.	<i>On track.</i>
400 loans per year to young entrepreneurs through Seed Capital ConneXion Program for Young Entrepreneurs.	<i>96% of target achieved.</i>

Accomplishments

Community Economic Development is a central component of the federal government's regional development strategy. In Atlantic Canada, ACOA is responsible for its delivery. The Agency works with regional and local partners to build community capacity to plan and implement self-sustaining viable opportunities for economic development. Through these efforts, the Agency is working to support viable rural communities and to help them realize the full benefit of economic development opportunities.

The Agency continues to work in partnership with 52 regional economic development organizations throughout Atlantic Canada, 46 of which are located in rural areas of Atlantic Canada. Funding of \$6 million to \$7 million is provided each year.

These organizations, as private sector not-for-profit corporations reporting to a local board, are responsible for the development and implementation of co-ordinated strategic and operational plans for the specific area of the province covered by their mandate. Examples of the progress made in the last year are:

- In New Brunswick, the transition from Regional Economic Development Commissions to Community Economic Development Commissions was completed and a three-year strategic planning process was implemented in all 15 agencies (to guide sectoral and community economic development).

- 35 Community Economic Development orientation sessions were delivered to CED staff, board members, advisory forum members and partners in New Brunswick.
- In Newfoundland and Labrador, ACOA partnered with the Federation of Municipalities to identify future roles of municipalities in community economic development. The contractual arrangements with the 20 Regional Economic Development Boards (REDB) in Newfoundland and Labrador call for a greater degree of accountability and a more strategic focus on the part of the REDBs.

The Strategic Community Investment Fund (SCIF) was announced in June 2001 as a five-year, \$135-million program designed to support strategic initiatives that will help communities strengthen their economic base.

The initiative focusses on rural communities to help them adopt new technologies, improve their industrial competitiveness, and develop selective infrastructure identified as being critical to their economic development. The projects have broad community support and may include activities such as business development or workforce and skills development.

2002-2003 SCIF Activity:
<ul style="list-style-type: none"> • 116 projects approved • \$43 million in ACOA contributions toward project costs of \$115 million

SCIF engages proponents such as community leaders, regional development organizations and boards of trade to engage in discussions and develop applications for the program. Eligible recipients include non-commercial/not-for-profit organizations such as municipalities, business or technology institutes, industry associations, economic development associations, universities, educational institutions, local co-operatives or other business entities.

Throughout Atlantic Canada, ACOA continues to provide loans to young entrepreneurs through its Seed Capital ConneXion Program for Young Entrepreneurs. To ensure the greatest possible rural access, the program is delivered by the 41 Community Business Development Corporations (CBDCs) and six other delivery agents in urban areas.

In 2002-2003, Seed Capital ConneXion Program for Young Entrepreneurs ¹⁶:
<ul style="list-style-type: none"> • issued 382 loans • provided \$3.8 million in assistance • \$7.6 million additional leveraging achieved

In the last five years, over 2,000 loans were issued, providing \$21.8 million in assistance to young entrepreneurs. About 80% of the loans were issued in rural areas. More information on this program is available on ACOA's Web site at <http://www.acoa-apeca.gc.ca/e/library/reports/seed.shtml>.

¹⁶ These data are based on quarterly reports delivery agents provide to ACOA that include information on their investment activity.

b) Communities' self-development and alternate employment in areas affected by the closure of the Atlantic groundfish fishery - Canada Fisheries Adjustment and Restructuring initiative (CFAR).	
Supported under ACOA's strategic priority: Community Economic Development	
Planned Results (Targets)	Results
Increased community leadership in areas related to economic development.	<i>On track.</i>
Sustainable SME and job creation in areas other than the traditional fish harvesting and processing occupations.	<i>Under the Economic Development Component of CFAR, ACOA expended \$88.5 million in support of closure of the Atlantic groundfish fishery.</i>

Accomplishments

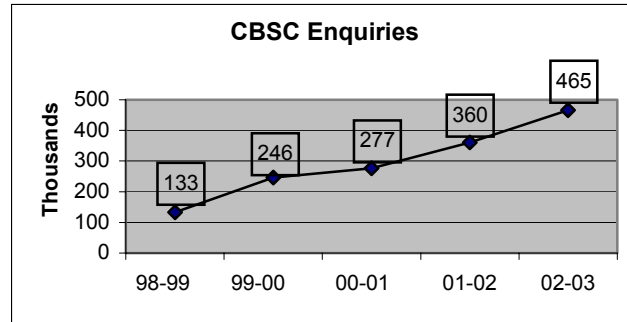
In response to the closure of the Atlantic groundfish fishery, the Canadian Fisheries Adjustment and Restructuring initiative was implemented in 1999. The initiative was designed to respond to the needs of small-scale, rural businesses and to assist rural communities in becoming more self-reliant by diversifying and expanding their economies. Through the initiative, \$88.5 million has been invested.

c) Expanded access to government business services (financing, counselling and information).	
Supported under ACOA's strategic priority: Community Economic Development	
Planned Results (Targets)	Results
Increased number of government services/programs accessible at the local level.	<i>On track.</i>

Accomplishments

ACOA's primary tool for ensuring access to business information is the network of Canada Business Service Centres (CBSCs). The mission of the Centres is to provide information and referrals to businesses and individuals who are thinking of starting a business. More information on CBSC's and results of a recent evaluation may be found in Annex A (see also the Web site at <http://www.cbsc.org/>).

Approximately 40,000 clients are served by the Atlantic CBSCs every year.¹⁷ Client survey results indicate that 70% of clients find what they are looking for. In the last two years, interaction with clients increased significantly by 68%. The preferred mode of accessing services has been by phone and in-person. Currently, almost 92% of clients are accessing information through the Internet.



More examples of how ACOA continues to expand access to government business services are:

- In 2002-2003 implementation of the Aboriginal Business Service Network (ABSN) was completed. An ABSN Working Committee, comprised of ACOA and CBSC representation as well as Aboriginal representatives from the Mi'kmaq, Maliseet, Innu, Inuit and Métis communities of all four Atlantic provinces, was created under ACOA's leadership to oversee the implementation of the ABSN. The plan called for the establishment of 41 ABSN sites in Atlantic Canada, covering 31 reserves, six Innu, Inuit and Métis communities in Labrador, and four Native Friendship Centres (one in each province - to serve off-reserve Aboriginals). An additional site (Ulnooweg Development Group Inc. - Atlantic Canada's only Aboriginal Capital Corporation) was added later.
- ABSN sites were provided with a small business library, a public access computer and related peripheral equipment, computer training and training on CBSC's general and Aboriginal specific information holdings. The ABSN allows First Nations to "piggyback" on CBSC resources to access a wealth of business-related information that is both generic in nature and specific to the needs of the Aboriginal community.
- CBSC in New Brunswick, provided 19 "Talk to Us" orientation sessions to partner organizations. "Talk to Us" is an interactive tool that allows CBSCs to help clients surf the Internet more effectively. In addition, 41 information sessions were provided to client groups, partners and stakeholders to explain ACOA and CBSC programs and services.
- Enterprise Cape Breton Corporation and the Eskasoni First Nation sponsored the inaugural First Nation Youth Business Summit, in June 2003, at Sydney and Eskasoni. Over 275 Aboriginal youth, chaperones and economic development officers from across Nova Scotia attended. The summit had a very impressive array of local, national and international speakers, presenters and role models concentrating on three themes, Arts and Culture, Multi-media and Animation, and Careers.

¹⁷ Goss Gilroy Inc., *Evaluation of the Atlantic Canada Business Service Centres*, October 2002.

d) Increased number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations.	
Supported under ACOA's strategic priority: Community Economic Development	
Planned Results (Targets)	Results
1,100 loans per year to help create or maintain approximately 2,600 jobs in rural areas.	<i>Target exceeded; 1,251 loans approved.</i>
Approximately 10,000 enquiries/information requests and counseling sessions per year.	<i>Target exceeded; approximately 10,260 enquiries.</i>

Accomplishments

The dynamic nature of the demand for business capital in Atlantic Canada has resulted in ongoing changes in community needs. To ensure CBDC investment funds are flexible enough to meet

2001-2002 CBDC Activity:

- 1,251 loans
- \$39.8 million in support of business establishments and expansions
- 3,195 jobs will be created or maintained through these loans¹⁸

needs whenever they occur, ACOA supported the creation of the Atlantic Canada Community Business Investment Fund (ACCBIF) to provide a central banking function for the CBDCs' investment fund. The partnership is between ACOA and the Atlantic Association of CBDCs. ACOA contributed \$14.1 million to ACCBIF and the Atlantic CBDCs provided an additional \$1.5 million. As of March 2003, ACCBIF had outstanding loans with 16 CBDCs in the amount of \$11.6 million.

An evaluation on the impact of the CBDCs in assisting communities in Atlantic Canada to develop their economies and support the growth of small businesses was completed in 2003.¹⁹ Overall, the findings of the report are positive and they include the following:

Atlantic CBDCs have a positive impact on their clients and communities.

- There remains a strong need in rural communities for access to capital and business advice; and
- Loans and support provided by CBDCs have a strong impact on creating and maintaining jobs, increasing incomes and helping to diversify the local economy.

¹⁸ Data are based on quarterly reports other CBDCs provide to ACOA that include information on their investment and anticipated job activity.

¹⁹ Goss Gilroy Inc., *Evaluation of the Community Futures Program as Delivered Through the Atlantic Community Business Development Corporation*, May 2003.

The evaluation also identified a number of concerns to be addressed to enhance the effectiveness of the partnership with the CBDCs in serving clients and communities. An action plan to address these issues will be developed and implemented.

Strategic Outcome 3
Adequate policies and programs to support and promote growth in the Atlantic economy.

a) Co-ordinated action by key stakeholders on a contemporary policy framework for economic development resulting in productivity growth and improved competitiveness	
Supported by ACOA's Strategic priority: Policy, Advocacy and Co-ordination	
Planned Results (Targets)	Results
A sound basis for co-ordinated action by key economic stakeholders in Atlantic Canada.	<i>Ongoing.</i>
Credible rationale for a regional economic development strategy.	<i>Ongoing. For example, the Innovation in Atlantic Canada study provides support for many of the Government of Canada's initiatives currently in place to promote innovation. The study also proposes a model for integrating the components of the region's innovation system.</i>
Information and analysis required to strategically seek out regional opportunities.	<i>Ongoing. For example, ACOA commissioned the study, Voisey's Bay: Downstream Opportunities for Nickel Processing in Labrador, which proved to be an excellent reference.</i>

Accomplishments

The policy function centres on improving the understanding of regional issues and providing a basis for decision making. It performs this role by means of research, ongoing analysis of issues and trends, and the co-ordination of events such as roundtables and conferences that engage other parties and stakeholders.

The Agency's policy research efforts involve public and private sector partners and key stakeholders from across Atlantic Canada and outside the region. Examples of studies and reviews completed in 2002-2003 are:

- *Innovation in Atlantic Canada - March 2003*
 In partnership with the Canadian Institute for Research on Regional Development, this study illustrates the importance of innovation in Atlantic Canada and the relatively good performance of industries in the region. It proposes a model for integrating the various components of the innovation system in the region. The report is available at ACOA's Web site at <http://www.acoa-apeca.gc.ca/e/library/reports/iac.shtml>.

- *The Atlantic Micro-Credit - Socio-Economic Impact Study – December 2002.* The purpose of this study was to measure the collective impact of the four largest and longest lasting micro-enterprise development programs offering credit in Atlantic Canada. The report is available at <http://www.acoa-apeca.gc.ca/e/library/reports/microcredit/microcredit.shtml>.
- A pan-Atlantic study of the research and economic opportunities in the Intelligent Transportation Systems (ITS) industry was completed. The study outlines current strengths and future possibilities in the growing ITS market in North America.

Other Activities in 2002-2003

- With respect to the Newfoundland and Labrador offshore oil industry and Voisey's Bay, ACOA:
 - undertook initiatives to acquire information and analysis required to strategically seek regional opportunities associated with offshore gas and downstream nickel processing;
 - completed the opportunity identification study of compressed natural gas R&D and fabrication;
 - worked with the provincial government and Inco/Voisey's Bay Nickel Corporation (VBNC) to position local companies to take full advantage of the opportunities associated with the Voisey's Bay mine and future processing facility to be located in Argentina;
 - provided advocacy in support of moving the Voisey's Bay project forward and undertook the lead federal co-ordination role for the Voisey's Bay Interdepartmental Coordinating Committee; and
 - provided co-ordination in support of Aboriginal economic development associated with the Voisey's Bay project. During the year, ACOA officers attended 11 supplier development sessions sponsored by Inco/VBNC, and have contacted over 300 local companies, encouraging them to register in VBNC's supplier database. Over 50 of these had registered as a result of these efforts and more have registered since the sessions were held.
- Completed a study of the impact of tourism in Red Bay, Labrador, (Parks Canada's whale interpretation facilities) and completed a survey of Newfoundland and Labrador's convention attendees to determine the incidence of return visitation by convention visitors. In New Brunswick, ACOA prepared a strategic development plan for the *Association touristique de la Péninsule acadienne* and developed a strategy with the Miramichi River Valley Tourism Association for the region of Boiestown-Renous.
- Spearheaded advocacy associated with the establishment of The Institute for Bioresource Innovation, which will become the cornerstone of an Atlantic Canada knowledge-based bioresources cluster, in Prince Edward Island. The Institute will contribute to the discovery, development and commercialization of high-value bioactive compounds for human and animal health and nutrition, derived from a

diversity of renewable bioresources and based on sustainable development concepts. Together with the National Research Council of Canada, the Province of Prince Edward Island and the University of Prince Edward Island, work proceeded on a financing package based on a final design concept and a formal business plan.

- Together with Industry Canada, ACOA undertook a joint Innovation Engagement Process, in which an Innovation and Learning Summit was held in Prince Edward Island in May 2002. The key recommendation to emerge from this community-based summit process was the establishment and development of a bioresource cluster in the province.
- Undertook research activities in support of opportunity identification including:
 - a competitiveness assessment of Nova Scotia's small and medium-sized enterprises (SMEs), to examine their competitiveness and innovation approaches in key export sectors and to assess the implications for regional development policy; and
 - identification of the export needs and challenges facing Nova Scotia's small and medium-sized enterprises developing and expanding exports.
- Established a working group involving ACOA, the New Brunswick Department of Agriculture, Fisheries and Aquaculture and Fisheries and Oceans Canada to monitor initiatives and issues that relate to the development of the aquaculture industry. In partnership with the Province of New Brunswick and the New Brunswick Professional Shellfish Growers' Association, a study of shellfish markets was initiated.
- Participated with the Province of New Brunswick on an innovation study. Other research underway or completed for New Brunswick includes: a study examining R&D opportunities for the environmental industries, a study of the Opportunities for transporting compressed natural gas to remote markets in New Brunswick, and the development of an interview document to be used in the Restigouche-Chaleur region for establishing priorities for SME development.

b) A stronger positive impact on economic growth in Atlantic Canada as a result of federal policies and programs	
Supported by ACOA's Strategic priority: Policy, Advocacy and Co-ordination	
Planned Results (Targets)	Results
Alignment between national policies and programs and regional development circumstances	<i>Ongoing.</i>
Improved access to federal contracts for Atlantic firms to build the industrial capacity of the region	<i>Ongoing.</i>
Secured significant industrial and regional benefits for Atlantic firms on major defence procurement	<i>Ongoing. Examples: 136 individuals received procurement-related presentation; a Canadian Forces Base Galetown Day was held to introduce potential suppliers to the procurement process; negotiated a two-year aerospace-defence-security-Canadian Space Agency joint work plan with Business New Brunswick; established the New Brunswick Aerospace and Defence Association.</i>
Incorporation of Atlantic Canada's interests in respect of national policies, programs and issues and procurement	<i>Ongoing.</i>

Accomplishments

- Completed work on securing duty remission for Husky's White Rose offshore oil project entailing close co-operation with the federal Departments of Finance, Industry Canada and Natural Resources Canada.
- Co-chaired a federal/provincial Newfoundland and Labrador Natural Gas Benefits Committee involved in natural gas development initiatives and research.
- Together with the New Brunswick Salmon Growers' Association, Department of Fisheries and Oceans (DFO) and the Department of Agriculture Fisheries and Aquaculture (DAFA) participated in a two-day forum on a draft five-year development strategy for the salmon aquaculture industry.
- Organized an aquaculture tour for representatives of ACOA, DFO and Agriculture and Agri-Food Canada (AAFC). Organized and prepared briefing materials on the New Brunswick perspective for an NRC/ACOA visit of Noranda.

- Participated on a federal/provincial interdepartmental Innovation Team, established to lead a co-ordinated approach to innovation in Nova Scotia and develop an innovation action plan for the province.
- Undertook a study of defence/aerospace procurement opportunities for Nova Scotia firms. This research also included an assessment of Nova Scotia firms' capabilities.
- Undertook a series of policy forums with Dalhousie University and the Province of Nova Scotia, including sessions on changing demographics and the role of government in a digital economy.

Corporate Administration

a) To ensure that ACOA's resources are efficiently and effectively managed and that administrative systems and services are in place to support management decision-making, accountability and operational control.

Planned Results (Targets)	Results
<ul style="list-style-type: none"> Information on the effectiveness of ACOA's programs and services. 	<p><i>On track. Evaluations of the BDP, CBSCs and CBDCs completed.</i></p>
<ul style="list-style-type: none"> Continued awareness and understanding of ACOA's rationale, programs and services among both the general public and the Agency's key stakeholders. 	<p><i>On track. Corporate Research Associates survey shows that awareness of ACOA among the general public is nearly double that of five years ago.</i></p>
<ul style="list-style-type: none"> Progress toward equitable representation for all four target groups (Aboriginals, persons with disabilities, women, and visible minorities) in line with external availability throughout the Agency. 	<p><i>Target exceeded in all areas.</i></p>
<ul style="list-style-type: none"> Increased quality and availability of corporate information, completion of a fully integrated program management and finance reporting system, and continuation of the information quality initiative . 	<p><i>On track. Enhanced the use of documented business rules in the program management system. Augmented the quality of corporate information available to staff and the general public by creating a standardized reporting environment. Completed design and implementation of the program management system.</i></p>

Accomplishments

The Agency is committed to hiring employees representative of the population it serves, and concrete efforts have been made in this regard:

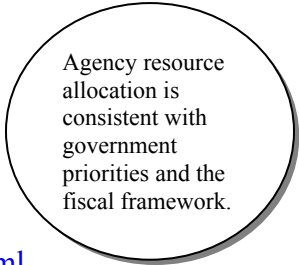
- Five commerce officer positions were filled by members of visible minorities. The Agency workforce representation for visible minorities is now approximately at par with external availability (1.8% internally, compared with an external availability of 1.9%).

A workforce that is result- driven, value-based, representative, and best serves the needs of Atlantic Canadians.

- During the past year, 83% of the promotions and acting assignments at ACOA were given to women, compared with 70% in fiscal year 2001-2002. The proportion of women executives at ACOA also increased from 7% in 2000 to 38% in 2003.
- Persons with disabilities represent 3.7% of ACOA's workforce, exceeding the Atlantic external availability of 3.3%.
- Aboriginal workers comprise 2% and are proportionately more than twice the number of Aboriginals who are available to work in the Atlantic region.

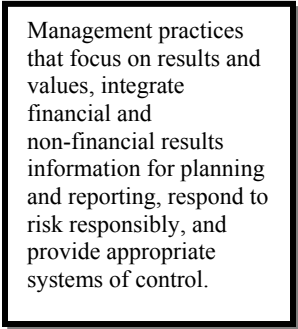
Recognizing that a sustainable and effective workforce is essential to discharging its mandate, the Agency conducted numerous activities in recent years aimed at creating a workplace of choice that brings out the best in its employees. Results of an employee survey indicate that these efforts have paid off. More than 94% of ACOA employees were affirmative when asked if their organization was a good place to work, the highest percentage anywhere in the Public Service. As well, 99% of the employees agreed they were strongly committed to making their organization successful. (Source: <http://publiservice.survey-sondage.gc.ca/2002/menu-e.html>).

Expenditure Management and Planning provides assurance that resource allocation is consistent with government priorities and the fiscal framework. Resources are analyzed on a program, responsibility and regional basis and resource management is integrated with executive committee decision-making and priority-setting processes. The integrity of financial reporting to parliamentarians and Atlantic Canadians has improved with the first publication of the 2002-2003 financial statements and availability of the Agency's Repayable Contribution report on its Web site. Additional information can be found at the following Web sites: <http://www.acoa-apeca.gc.ca/e/about/index.shtml> and <http://www.acoa-apeca.gc.ca/e/financial/repayable/index.shtml>.



Agency resource allocation is consistent with government priorities and the fiscal framework.

The overall Agency management capacity was assessed to be "Good Management Practices." The Agency was rated strongly in "Clear Accountability" and "Rigorous Stewardship." Specific areas where ACOA has established "Good Management Practices" include "Strategic Leadership," "Motivated People" and "Values and Ethics". Executive Committee approved the Capacity Assessment Report outlining 10 priority areas where opportunities for improvement could be addressed. Executive Committee members were assigned responsibility for developing and implementing action plans for each priority area including an Integrated Risk Management Framework. Co-ordination with other ongoing management improvement initiatives was also integrated in the approved Corporate Action Plan. The Agency Code of Professionalism, which covers values and ethics, was updated and re-issued to all staff. Senior management is committed to implementing modern



Management practices that focus on results and values, integrate financial and non-financial results information for planning and reporting, respond to risk responsibly, and provide appropriate systems of control.

comptrollership practices within ACOA, referred to as the Modern Business Management Initiative, which is a continuum of management improvement and supports better services to Atlantic Canadians. Additional information can be found at the following Web site: <http://www.acoa-apeca.gc.ca/e/library/reports/MOBMI.shtml>

The Agency is committed to ensuring direct, on-line access to its information and services. As such, the “on-line delivery of programs” has been identified under Government on-line (GOL) as the Agency’s priority key service. Under this initiative, a second round of the on-line applications for proposals under the Atlantic Investment Partnership program was developed in partnership with the Treasury Board’s Public Key Infrastructure Secretariat, Government Telecommunications and Informatics Services and Entrust TruePass.

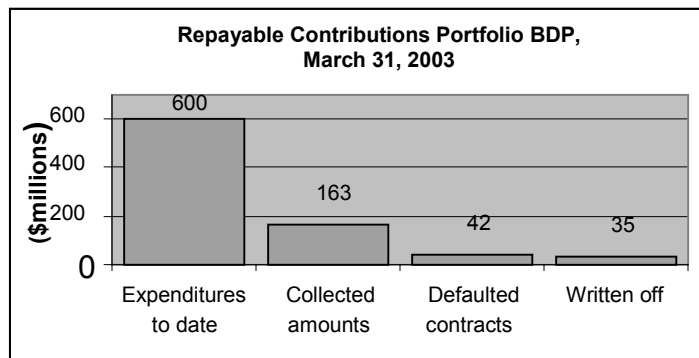
The Agency continues to expand the availability of corporate information through the Client Relationship Management System. Additional modules built during the past 12 months continue to focus on the entire client as opposed to discrete project information, thus providing account managers with a better picture of client interactions with the Agency. The system contains business intelligence that safeguards the quality of management information as it assists staff in completing the operational processes in their day-to-day work.

ACOA communications research conducted by Corporate Research Associates (CRA) in 2002 shows that the ACOA name is widely recognized across the region by the general public (7 in 10 Atlantic Canadians are aware of ACOA), and even more so by businesses and key economic development stakeholders. The CRA survey found that ACOA is regarded by businesses as the single, most-important Government body in helping to improve the regional economy. Furthermore, the survey showed that awareness of ACOA among the general public is nearly double that of five years ago (compared with 1997 ACOA Baseline Communications Research conducted by CRA).

Business Development Program Repayable Contributions Portfolio

Under the Business Development Program (BDP), ACOA provides 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. From inception of the BDP in 1995 until March 2003, the Agency collected \$163.2 million of repayable contributions. Annual collections have increased steadily with the growth of the portfolio, reaching \$55.3 million in fiscal 2002-2003. The Agency generally collects approximately 80% of annual forecasted repayments, about 15% ends up being rescheduled to future years, and about 5% will default and/or be written off. The collection of repayable contributions under BDP is expected to total at least \$55 million in 2003-2004.

The chart to the right gives a picture of the BDP Repayable Contributions Portfolio. Under this program, full repayment of commercial assistance has been in effect since 1995. The cumulative rate of defaulted contracts and write-offs since 1995 is 13% (\$78.1 million of a total \$600.5 million).



Risk Mix

All commercial clients are risk rated based on a five-tier gradation system. Accounts are reviewed regularly and the level and frequency of monitoring applied are adjusted in accordance with the risk rating.

As of March 31, 2003, the risk mix of the BDP repayable portfolio (excluding conditionally repayable accounts where conditions were not yet met) was ranked as follows:

Risk Rating	Portion of Portfolio	Principal Outstanding
1 – Low	13%	\$40.1 million
2 – Low - Medium	29%	\$89.6 million
3 – Medium	36%	\$111.2 million
4 – Medium – High	16%	\$49.4 million
5 – High	5%	\$15.4 million
Not yet rated	1%	\$3.1 million
Total		\$308.9 million

ANNEX A

1. Horizontal Initiatives

a) Government of Canada's Rural Policy

ACOA has supported the Canadian Rural Partnership since its inception in 1998. ACOA's participation has occurred through the Ottawa-based Interdepartmental Working Group and, at the regional level, through provincial Rural Teams that initially were made up of representatives of federal departments and agencies. ACOA has chaired the Rural Teams in Atlantic Canada and has contributed financial and human resources to the provision of secretariat services for the Atlantic team. Each team across Canada, including Atlantic Canada and the territories, contributes to a Team Canada approach aimed at building partnerships, networks and alliances to address key rural issues, yet each team has its individual character, composition and agenda of projects and activities.

In the past year, the *Rural Youth Migration: Exploring the Reality Behind the Myths – August 2002* discussion paper, an initiative of the Canadian Rural Partnership, was completed with the collaboration of ACOA, the Rural Secretariat, the Canada Economic Development Agency for Quebec Regions (CED-Q), the Federal Economic Development Initiative for Northern Ontario (FedNor), Western Economic Diversification Canada (WEDC), Human Resources Development Canada (HRDC), the Policy Research Secretariat (PRS) and Statistics Canada. This paper examines the reasons behind rural youth migration and attempts to devise strategies that would allow rural communities to maintain their youth populations.

http://www.rural.gc.ca/researchreports/youth2002/cover_e.phtml

Copies of the first and second phase reports and supporting documents for the second phase report, which includes the technical report, as well as the focus group report and case study report, can be obtained by contacting the ACOA Library by phone at (506) 851-3201.

Local involvement has been a cornerstone of ACOA's community-based economic development strategy. The 41 Community Business Development Corporations (CBDCs), community controlled non-profit organizations located across Atlantic Canada, have been effective delivery partners in the provision of business capital and counselling to rural communities throughout Atlantic Canada. From April 1, 1995 to March 31, 2003, the CBDCs issued 9,651 loans totalling \$259 million to business in their communities, which levered an additional \$253 million in private sector investment financing. To ensure the greatest possible rural access to this program, ACOA has contracted the CBDCs to act as the primary delivery agent for the Agency's Seed Capital ConneXion Program for Young Entrepreneurs. As a result, about 80% of the 2,147 loans issued during the last five years, totalling \$21.7 million, have been made to young entrepreneurs between the ages of 18 and 29 living in rural areas.

In addition, ACOA will invest \$135 million over a five-year period for community economic development specifically targeted to rural development through the Strategic Community Investment Fund. Approximately 67% of Business Development Program (BDP) investments go toward assisting rural businesses or economic development organizations.

ACOA works with regional and local partners to build community capacity to plan and implement self-sustaining viable opportunities for economic development. Through these efforts, the Agency is working to support viable rural communities and to help them realize the full benefit of economic development opportunities. The Agency continues to work in partnership with 52 Regional Economic Development Organizations throughout Atlantic Canada, 46 of which are located in rural areas. The Canada Business Service Centres, located throughout the four Atlantic provinces, provide business-related information to many rural areas throughout the region.

b) Infrastructure Canada

The \$2.05-billion Infrastructure Canada Program (ICP), was created in 2000 to enhance municipal infrastructure in urban and rural communities across the country, and to improved Canada's quality of life through investments that protect the environment and support long-term economic growth.

The Minister of Industry and Minister responsible for Infrastructure, supported by the new department, Infrastructure Canada (<http://www.infrastructurecanada.gc.ca>), has been assigned responsibility for the overall management of this contribution program. In most cases, the Government of Canada is matching the provincial and territorial contributions, and generally providing up to one-third of the cost of infrastructure projects. The program's first priority is green municipal infrastructure, i.e. projects that improve the quality of the environment and contribute to Canada's goal of clean air and clean water.

ICP Delivery Agents:
<ul style="list-style-type: none">• Western Economic Diversification• Industry Canada• Canada Economic Development for Regions of Quebec• Atlantic Canada Opportunities Agency• Indian and Northern Affairs

Activity to date:

Jurisdiction	Total Federal Funding Allocated (\$millions)	No. of Approved Projects to March 31, 2003	Approved federal contribution to March 31, 2003 (\$millions)	Total federal expenditures for fiscal year 2001-2002 (\$millions)	Total federal expenditures for fiscal year 2002-2003 (\$millions)	Total federal expenditures to March 31, 2003 (\$millions)
Newfoundland and Labrador	51	256	27	3	9	12
Prince Edward Island	13	65	13	4	3	7
Nova Scotia	65	97	48	5	13	18
New Brunswick	54	68	34	3	14	17
Total	\$183	486	\$122	\$15	\$39	\$54

ICP is an example of a horizontal initiative involving many federal partners. As part of a new reporting requirement for Departmental Performance Reports, significant horizontal initiatives²⁰ are being reported for the first time in a template completed by all partners and accessible on-line at <http://www.tbs-sct.gc.ca>.

c) Organisation for Economic Co-operation and Development Territorial Review (OECD)

The OECD, of which Canada is a member, is an international organization helping governments tackle the economic, social and governance challenges of a globalized economy. In 2002, the OECD released its Territorial Review of Canada. This project was undertaken at the request of the Government of Canada. Territorial Reviews conducted by the OECD cover social, economic, governance and environmental policies, along with urban and rural development.

The findings of the Territorial Review of Canada show support for:

- regional policy-making;
- the federal government's innovation and trade/investments agendas;
- greater power and fiscal autonomy for cities and municipalities; and
- a greater role for regional development agencies.

For more information on the Territorial Review of Canada, please refer to the ACOA Web site at <http://www.acoa.ca/e/library/reports/tReview.shtml>

d) Federal Councils and Policy Initiatives

ACOA regional Vice-Presidents chair or play key co-ordinating roles in Regional Federal Councils in each province. These Councils bring together senior officials of federal

²⁰ Significant horizontal initiatives are those that are key to the achievement of strategic outcomes, and/or involve a high level of risk, and/or represent a substantial investment of public resources.

departments and agencies. The Regional Federal Councils play an important role as an executive forum ensuring integrated and improved service delivery, communication with provincial governments and other federal departments on regional perspectives and federal initiatives and co-operation with other jurisdictions. Federal Councils work jointly with stakeholders on initiatives such as official languages, innovation, security, human resources management, homelessness, policy development, Government On-Line, regional economic development, science and environment and diversity in the work place.

In Newfoundland and Labrador, the Policy Committee:

- initiated research on immigration and the economic impacts of the forestry sector; and
- conducted a Policy Training Session, aimed at building policy capacity.

In Prince Edward Island, the Council:

- co-ordinated a session for employees across departments to meet and share ideas on innovation. Additionally, Council continued work with both managers and the youth within the Public Service to hold forums and collaborate on ways to enrich the Public Service for the future; and
- worked with all departments and agencies on the subject of Embracing Change, co-ordinating a forum on Diversity where best practices were shared among Managers and Senior Officials.

In New Brunswick, the Council:

- conducted extensive research and a report on the state of visible minorities that also addresses opportunities; and
- examined ways to develop a horizontal approach to address the issues identified in the Miramichi Bay Panel Report. A Forum called *Building our Common Future: Reconnecting and Growing our Community* was held with over 125 participants from many communities and all sectors represented. The forum was effective in re-establishing dialogue between the Aboriginal and non-Aboriginal communities and in engaging the communities for future action. Follow-up is taking place to establish a regional committee to oversee implementation of recommendations from the Forum and to hire a resource person to support the regional committee's work.

In Nova Scotia, the Council:

- sponsored an Atlantic workshop on Risk Management versus the Precautionary Approach. Case Studies were presented on "Invasive Species: the Brown Spruce Longhorn Beetle", "Naval sonar versus the effects on marine mammals" and "The current oyster parasite crisis in Atlantic Canada"; and
- undertook an eight-department seminar series on Social and Economic Inclusion (SEI) that resulted in two projects - an SEI protocol to record the commitment of departments and an external SEI Learning Network proposal that was developed for implementation in the coming year.

e) Canada Business Service Centres

Background

The network of Canada Business Service Centres (CBSCs) was established 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 federal and provincial governments. In addition, the CBSCs provide a wide range of information resources to support sound business planning and the expansion of new markets for Canadian goods and services, both domestic and foreign. Their mandate is to serve as the primary source of timely and accurate business-related information and referrals on federal, provincial-territorial programs, services and regulations, without charge, in all regions of the country.

In Atlantic Canada, the network includes a Centre in each provincial capital and 100 regional access sites located across the Atlantic, including 41 Aboriginal Business Service Network (ABSN) sites. These regional access sites are staffed by partner organizations and have access to CBSC resources. Partner organizations include provincial and federal government departments, Community Business Development Corporations, private sector organizations and Aboriginal communities. These partnerships contribute to increasing the reach of CBSCs and increasing local access.

More details on the ABSN and the CBSCs may be found on page 37 of this report and their Web sites at <http://www.cbsc.org/absn/> and <http://www.cbsc.org/>.

ACOA's Role

The Centres are managed on behalf of the federal government by the Atlantic Canada Opportunities Agency, Western Economic Diversification Canada, Industry Canada and Canada Economic Development for Quebec Regions using a horizontal team/committee known as the "Managing Partner". As one of the four federal leads, ACOA is accountable for the:

- management of CBSC funds;
- application of existing policies affecting federal service delivery;
- implementation and maintenance of the network of regional access partners in Atlantic Canada; and
- development of positive working relationships with federal and provincial ministries.

As a member of the CBSC Managing Partner Committee, which provides strategic directions and ensures uniform delivery of core CBSC services, ACOA also acts as one of the federal representatives on management committees established to co-manage the CBSCs and ensure that federal interests in the co-delivery of CBSC services are achieved.

Funding Arrangements

ACOA's funding for the 2002-2003 fiscal year was \$2.6 million for core CBSC operations. Operating costs are shared through a variety of collaborative arrangements with the Provinces and other on-site partners.

Evaluation Results

The latest evaluation report²¹ concluded that CBSCs have met their mandate requirements and contributed to the growth of the small business sector, self-employment and micro-business start-up. The evaluation found that the Centres contribute to quality and innovative service because their:

- strong commitment to quality service with published service standards;
- successful partnerships demonstrating that government and the private sector can work together on shared client service objectives; and
- award winning use of information management practices and technology allowing the information resources of the CBSCs to be shared among many partners at marginal increases to operating costs.

Some specific evaluation results are:

- 98% of clients agreed that referral contact information was accurate.
- 85% of respondents are either satisfied or very satisfied with the services overall.
- 87% of enquiries were responded to within one business day.

f) Canada/Atlantic Provinces COOPERATION Agreement on International Business Development

The Canada/Atlantic Provinces COOPERATION Agreement on International Business Development (IBDA) is a seven-member partnership involving three federal departments and four Atlantic Canadian provincial governments. Overall, the IBDA provides a forum for the federal and provincial governments to work together toward the common goal of increased economic performance in Atlantic Canada through increased exports. The Agreement's objectives are to:

- increase the number of exporters in Atlantic Canada;
- help diversify the markets of current exporters; and
- increase the overall value of export sales from the region.

IBDA Partners
<ul style="list-style-type: none">• ACOA• Industry Canada• Department of Foreign Affairs and International Trade• Nova Scotia Business Inc.• Business New Brunswick• PEI Business Development• Newfoundland and Labrador Department of Trade, Technology and Rural Development

The objectives are met through the sponsorship of projects in the following areas:

- Export Training and Awareness;
- Market Information and Intelligence;

²¹ Goss Gilroy Inc., *Evaluation of the Atlantic Canada Business Service Centres*, October 2002.

- International Business Development Activities; and
- Planning and Research.

Initially launched in 1994 to operate for three years with a budget of \$3 million, the IBDA has twice been extended. The first extension, in 1997, was for three years and \$3 million, and in 2000 for four years and \$8 million.

Managed by a committee comprised of the seven partners, the Agreement is administered by a Secretariat located at ACOA's Head Office. The IBDA is cost-shared between ACOA (70%) and the four provincial governments (30%). ACOA acts as co-chair on the IBDA Committee along with a provincial member, which changes on a rotating basis.

Since the Agreement's inception, the Agency and its partners have administered over 140 projects involving 2,500 Atlantic Canadian companies and totalling \$12 million in funding. In particular, the IBDA has assisted:

- 148 companies to begin exporting;
- 224 exporters to increase their export sales; and
- 151 exporters to expand their export markets.

For further information on the IBDA, visit the Web site at <http://www.acoa-apeco.gc.ca/e/ibda/index.shtml>

2. Government Themes and Management Issues

a) Government On-Line (GOL)

A key component to improve service delivery to Atlantic Canadians is ACOA's commitment to the Government On-Line (GOL) strategy to deliver information, programs and services over the Internet.



Improving the quality of interaction between Atlantic Canadians and the Agency enables its clients to request and receive information and services when and where it is most convenient for them. The use of on-line tools is an important part of this strategy. ACOA's vision for GOL can be found at <http://www.acoa-apeco.gc.ca/e/about/gol.shtml>.

Identifying areas of collaboration on GOL initiatives continues through the Agency chairing of a Regional Development Agency committee comprised of Western Economic Diversification, Community Economic Development Quebec, FedNor, Enterprise Cape Breton Corporation and ACOA. The second phase of the "ACOA Project Summary Information Web Site" saw the expansion of the on-line application to include information on all ACOA-assisted projects 60 days after project funding is accepted. Using this application, the general public is able to create instant ad-hoc reports on ACOA funded projects without having to submit a request under the *Access to Information Act*. Direct link to this site is <http://pub.acoa-apeco.gc.ca/atip>.

b) ACOA's Commitment to Service Quality

The Agency continues to be a strong supporter of the Treasury Board approved, five-year citizen-centred service improvement initiative. Building upon the results of the first corporate client survey, initiated the previous fiscal year, the Agency has pursued several activities.

As part of the leadership component, its ongoing commitment to continuous service improvement, and communication strategy, the Agency incorporated two key client service priorities in its Modern Business Management Initiative. The first priority continues the implementation of its Strategic Plan for Service Quality, while the second expands the business process improvement initiative to all mainline programs.

The Agency completed a client satisfaction survey and established baseline figures for key performance indicators such as timeliness (67.4%), access (75.4%), overall satisfaction (83.6%) and meeting client expectations (81.5%), using the original Common Measuring Tool (CMT)²². The Agency has concentrated activities to better identify opportunities for system improvements for the delivery of its main business lines based on client/employee feedback. Some small changes in process have been implemented. For example, in response to complaints about not reaching Agency staff via telephone, voice mail was provided to all account managers in one office, and this appears to have improved staff-client interactions. Adjustments to staff assignments and responsibilities have made it simpler for clients to know who to contact.

In order to contribute to the government's objective of service improvement and the notion of a 10% overall client satisfaction improvement target, the Agency has examined the results of its first client satisfaction survey and is in the process of developing a service improvement plan that addresses the major concerns of our clients. The undertaking of a second client survey in the next fiscal year will assist the Agency to identify changes in client views as the Agency strives to improve their experiences.

²² Statsfacts Research Group, *A Quantum Assessment of Client Expectations and Perceptions of ACOA's Level of Service Delivery*, December 2001.

c) Sustainable Development

ACOA's Sustainable Development Strategy has two established goals: promoting sustainable communities and businesses in Atlantic Canada, and setting an example in the environmental management of ACOA's operations.

AIM	RESULTS
To encourage environmentally responsible practices among ACOA clients and stakeholders.	<i>ACOA's SDS Web site was re-designed and includes more links to information on eco-efficiency, sources of funding, self-assessment tools and tips, etc. The pilot eco-efficiency reviews in New Brunswick were completed, and work continues with the clients. Through the BDP (business support), ACOA assisted organizations to provide a series of lean manufacturing workshops around the Atlantic region. A generic eco-efficiency fact sheet has been distributed to all ACOA offices, CBSCs, CBDCs and CEDs. All letters of acknowledgement to applicants for ACOA programs include a fact sheet, attached to the letter.</i>
To explore opportunities for environmental industries.	<i>A draft ACOA policy on environmental industries has been developed. Five of the projects funded under Round I of Atlantic Innovation Fund have a link to the environment. Total funding amounted to \$21.7 million toward a total investment of \$44.1 million. Since its inception, ACOA has provided approximately \$70 million in support of environmental programs and technologies in the Atlantic provinces.</i>
To seek opportunities to collaborate with public and private organizations on common sustainable development goals and objectives.	<i>In co-operation with Industry Canada and Environment Canada, ACOA funded the production of a bilingual waste management guide for entrepreneurs. ACOA assisted the Office of Energy Efficiency (OEE) of Natural Resources Canada in launching its Industrial Energy Innovators Audit Incentive Service in Atlantic Canada through a joint information session to key clients and stakeholders.</i>
To increase awareness and understanding of what ACOA employees and contracted resources can do to support the goal of sustainable development.	<i>Head Office and regional offices continue to operate an SDS Committee, from which one-two representatives are members of the Agency Committee on Sustainable Development. Intranet site has been re-designed to provide more information.</i>
To make more efficient use of resources.	<i>ACOA continues its double-sided printing and recycling initiatives.</i>

More information on ACOA's Sustainable Development Strategy is available at ACOA's Web site at <http://www.acoa-apeca.gc.ca/e/sustain/strat.shtml>.

d) Modern Comptrollership

ACOA continued its implementation of the government-wide Modern Comptrollership initiative, which focusses on the sound management of resources, effective decision-making and quality service to the public. Within the Agency, the initiative is referred to as the Modern Business Management Initiative.

Committed to this continuum of management improvement, a comprehensive assessment of the Agency's overall management capacity was undertaken by an outside agency²³. The overall Agency ranking was 3.0, which represents "Good Management Practices." The findings also showed that ACOA is strong in "Clear Accountability" and "Rigorous Stewardship." Specific areas where ACOA has established "Good Management Practices" include "Strategic Leadership," "Motivated People" and "Values and Ethics." More information on this assessment may be found at http://www.acoa-apeca.gc.ca/e/library/reports/final_assessment_report.pdf

The Executive Committee approved the Capacity Assessment Final Report, which outlined 10 priority areas where the Agency would focus its efforts to address opportunities for improvement identified during the Capacity Assessment process.

ACOA is committed to improving its management practices and capacity in the following critical areas:

- Integrating its planning processes and performance information;
- Business process improvement and service quality;
- Risk management; and
- Enhancing the workplace and workforce.

Executive Committee members were assigned responsibility for developing and implementing action plans for each priority area. The Agency's Code of Professionalism, which covers values and ethics, was updated and re-issued to all staff. More information may be found at <http://www.acoa-apeca.gc.ca/e/library/reports/MOBMI.shtml> or at <http://www.acoa-apeca.gc.ca/e/library/reports/mobmiPDFEnglish.pdf>.

e) *Official Languages Act* – Section 41

ACOA's support of the French linguistic minority community is evidenced by its membership on the National Committee of Section 41 Co-ordinators and on the National Committee for Canadian Francophonie Human Resources Development. The goals outlined in the Human Resources committee's 2002-2007 Operational Strategic Plan are being supported by ACOA.

ACOA is implementing a \$10-million regional partnership agreement with the Department of Canadian Heritage called the Atlantic Canada Cultural and Economic Partnership. The Partnership is intended to stimulate economic development in the

²³ Deloitte & Touche, *Modern Business Management Initiative, Comptrollership Capacity Assessment Final Report*, May 2002

cultural sector and serves to celebrate the history and cultural diversity of Atlantic Canada, primarily with respect to the 400th anniversary of l'Acadie in 2004.

In Nova Scotia, during 2002–2003, ACOA assisted in over 10 initiatives intended to improve the ability of Francophone businesses, educational institutions and economic development organizations to take advantage of tourism opportunities arising from the 2004 Acadian World Congress and beyond. The Agency promotes Acadian entrepreneurship and skills development through core financial assistance to the Centre Jodrey at the Université Sainte-Anne-Collège de l'Acadie, one of five Agency-supported Nova Scotia University Business Development Service Centres. ACOA also facilitates economic development in the province's Acadian regions by providing core-operating support to the Conseil de développement économique de la Nouvelle-Écosse. Enterprise Cape Breton Corporation, through the BDP, the SCIF and the Interdepartmental Partnership with Official Language Communities (IPOLC) with Canadian Heritage, has invested over \$900,000 in support of Francophone communities.

On Prince Edward Island, ACOA awarded almost \$700,000 in support of nine Francophone cultural activities. ACOA also signed a Memorandum of Understanding between the Prince Edward Island Francophone Community and other federal and provincial departments, thus confirming the commitment to work together to ensure that policies, programs and services are co-ordinated to support the development of the province's Acadian and Francophone community.

In Newfoundland and Labrador, ACOA continues to assist with economic diversification projects for Francophones. These include the promotion of the French Ancestors Route, the development and implementation of a plan for a Francophone Heritage Touring route along the Avalon Peninsula, and the development and implementation of a proposal by the Federation des Francophones de Terre-Neuve et Labrador and the Société 2004 Society to plan and carry out activities specific to the Francophone celebrations of 2004.

In New Brunswick, ACOA invested in more than 75 projects involving the French minority official language community. By the means of the IPOLC, nine projects received an approval for financing in 2002-2003 for a total of over \$1 million dollars. The Agency also supported several other initiatives and activities in the French-speaking communities of the province.

f) Audit and Evaluation

Audit and evaluation play an important role in carrying out ACOA's mission. Assessing various aspects of Agency program performance (efficiency, effectiveness and responsiveness) allows managers and staff to identify means of improving that performance.

The primary goal of ACOA's audit and evaluation function is to provide the Agency's senior managers with timely, accurate, balanced and evidence-based information on the performance, relevance, cost-effectiveness and results achieved of key Agency policies,

programs and initiatives. This information is used by ACOA senior management to make strategic and operational decisions on improving the overall effectiveness of the Agency's programming, and to account for results. Other goals include helping Agency managers improve program operations and performance, and disseminating audit and evaluation results to Agency staff, central agencies, Parliament and the public.

Several evaluations of ACOA programs were recently completed, including an evaluation of the Agency's core Business Development Program (BDP) and the Community Futures Program (CFP).

Summaries of completed audit and evaluation reports are available at :
<http://www.acoa-apeca.gc.ca/e/library/audit.shtml>.

ANNEX B - Financial Information

Overview

The Agency's total authorities, consisting of Main Estimates and Supplementary Estimates voted by Parliament, were \$454.2 million. Actual expenditures were \$360.2 million. The difference is primarily attributable to the authorized reprofiling of funding from 2002-2003 to subsequent years so as to provide funding for Atlantic Investment Partnership and Infrastructure Canada Programming, and to fund interdepartmental initiatives.

Summary financial tables

ACOA is required to produce the following financial tables for 2002-2003:

Financial Table 1	Summary of Voted Appropriations
Financial Table 2	Comparison of Total Planned Spending With Actual Expenditures
Financial Table 3	Historical Comparison of Total Planned Spending with Actual Expenditures
Financial Table 4	Crosswalk Between Strategic Outcomes and Business Lines
Financial Table 5	Non-responsible Revenue
Financial Table 6	Statutory Payments
Financial Table 7	Transfer Payments
Financial Table 8	Contingent Liabilities

The purpose of these financial tables is to show:

- expenditures planned at the start of the year, which match those shown in the 2002-2003 Report on Plans and Priorities in the "Planned spending 2002-2003" column;
- total authorities figures, which include those in the Main and Supplementary Estimates and other authorities, and correspond to those shown in the Public Accounts for 2002-2003; and
- actual expenditures, which are consistent with those shown in the Public Accounts for 2002-2003.

Financial Table 1

Summary of Voted Appropriations

This table displays the way Parliament approved resources in the *2002-2003 Report on Plans and Priorities*, and shows the changes in resources derived from supplementary estimates and other authorities, as well as how funds were spent.

Financial Requirements by Authority (\$millions)				
Vote		2002-2003		
		Planned Spending	Total Authorities	Actual
Atlantic Canada Opportunities Agency				
20	Operating expenditures	70.0	78.4	78.4
25	Grants and Contributions	364.8	362.3	268.3
(S)	Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	2.0	3.1	3.1
(S)	Liabilities in Atlantic Canada under the <i>Canada Small Business Financing Act</i>	2.0	2.3	2.3
(S)	Liabilities for loan or credit insurance pursuant to the <i>Government organization Act, Atlantic Canada, 1987</i>	1.0		
(S)	Contributions to employee benefit plans	6.9	8.1	8.1
Total Agency		446.7	454.2	360.2
Total authorities are main estimates, supplementary estimates, and other authorities.				

The \$7.5 million increase in total authorities from planned spending is due to:

- additional operating resources for the Atlantic Investment Partnership initiative;
- compensation for salary increases arising from the renewal of collective agreements;
- resources for various projects such as the Human Resource Information System, Regional Councils, the Comptrollership Modernization initiative, Joint Career Transition Committee; and
- increases to statutory provisions for the *Small Business Loans Act*, the *Canada Small Business Financing Act*, and contributions to employee benefit plans.

Total authorities include \$92.0 million set aside for reprofiling to future years for Atlantic Investment Partnership and Infrastructure programming, as well as the net transfer of \$2.0 million for the joint funding of interdepartmental initiatives.

Financial Table 2

Comparison of Total Planned Spending with Actual Spending

The information below illustrates how the Agency used the resources reported in the *2002-2003 Report on Plans and Priorities*. The net cost of the program is shown by displaying expenditures and revenues together with costs of services provided by other government departments.

Departmental Planned versus Actual Spending by Business Line for 2002-2003								
(\$millions)								
Business Lines	FTEs	Operating	Grants and Contributions	Subtotal: Gross Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Respendable Revenues	Total Net Expenditures
Development								
Planned	431	56.4	364.8	421.2	5.0	426.2		426.2
<i>Total authorities</i>	<i>479</i>	<i>62.8</i>	<i>362.3</i>	<i>425.1</i>	<i>5.4</i>	<i>430.5</i>		<i>430.5</i>
Actuals	479	62.8	268.3	331.1	5.4	336.5		336.5
Corporate Administration								
Planned	129	20.5		20.5		20.5		20.5
<i>Total authorities</i>	<i>137</i>	<i>23.7</i>		<i>23.7</i>		<i>23.7</i>		<i>23.7</i>
Actuals	137	23.7		23.7		23.7		23.7
Total								
Planned	560	76.9	364.8	441.7	5.0	446.7		446.7
<i>Total authorities</i>	<i>616</i>	<i>86.5</i>	<i>362.3</i>	<i>448.8</i>	<i>5.4</i>	<i>454.2</i>		<i>454.2</i>
Actuals	616	86.5	268.3	354.8	5.4	360.2		360.2
Other Revenues and Expenditures								
Non-respendable Revenues								
								Planned
								59.0
								<i>Total authorities</i>
								<i>59.0</i>
								Actuals
								64.6
Cost of Services Provided by Other Departments								
								Planned
								4.4
								<i>Total authorities</i>
								<i>4.4</i>
								Actuals
								6.7
Net Cost of the Program								
								Planned
								392.1
								<i>Total authorities</i>
								<i>399.6</i>
								Actuals
								302.3
<p><i>Numbers in italics</i> denote Total Authorities for 2002-2003 (main and supplementary estimates and other authorities). Numbers in bold denote actual expenditures/revenues in 2002-2003. Due to rounding, columns may not add to totals shown.</p>								

Actual use of full-time equivalents (FTEs) is higher than planned due to increased workload under Atlantic Investment Partnership and Infrastructure Canada programs, and the Agency's response to the Government of Canada horizontal priorities.

Financial Table 3

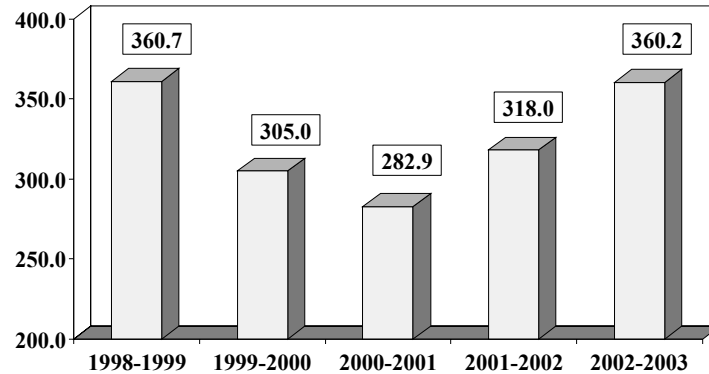
Historical Comparison of Total Planned Spending with Actual Spending

An historical perspective on the way resources were used is shown along with a graph illustrating the trend for actual results.

Departmental Planned versus Actual Spending by Business Line (\$millions)					
Business Lines	Actual 2000-2001	Actual 2001-2002	2002-2003		
			Planned Spending	Total Authorities	Actual
Development	266.8	298.3	426.2	430.5	336.5
Corporate Administration	16.1	19.7	20.5	23.7	23.7
Total	282.9	318.0	446.7	454.2	360.2

Total authorities are main estimates, supplementary estimates, and other authorities. Total authorities include \$92.0 million reprofiled to future years and a \$2.0 million net transfer for the joint funding of interdepartmental initiatives.

Actual Spending \$ millions



The increased spending in 2002-2003 over 2001-2002 is attributable to the first full year in the implementation of the Atlantic Investment Partnership Initiative and additional requirements for the Infrastructure Canada and Business Development programs.

Financial Table 4

Crosswalk between Strategic Outcomes and Business Lines

The following table demonstrates the resource relationship between the Strategic Outcomes and Business Lines. Working toward a more integrated approach clearly provides focus on results and outcomes.

Description (\$ millions)		2002-2003 Business Lines				Total	
		Development		Corporate Administration			
		Planned Spending	Actual	Planned Spending	Actual	Planned Spending	Actual
Strategic Outcomes	<i>Innovation</i>	60.0	64.8		5.2	60.0	70.0
	<i>Community Economic Development</i>	84.9	64.6		5.2	84.9	69.8
	<i>Entrepreneurship and Business Skills Development</i>	21.0	19.5		1.6	21.0	21.1
	<i>Trade</i>	17.3	27.4		2.2	17.3	29.6
	<i>Investment</i>	4.9	2.0		0.2	4.9	2.2
	<i>Tourism</i>	47.0	34.7		2.8	47.0	37.5
	<i>Access to Capital and Information</i>	54.4	68.5		5.5	54.4	74.0
	<i>Policy Advocacy and Co-ordination</i>	6.7	9.3		0.7	6.7	10.0
<i>Not Ascribed to a Strategic Outcome²⁴</i>		78.9		20.5		99.4	
Sub-Total		375.1	290.8	20.5	23.4	395.6	314.2
Infrastructure Canada		46.1	40.3		0.3	46.1	40.6
Statutory Transfer Payments		5.0	5.4			5.0	5.4
Total Programming		426.2	336.5	20.5	23.7	446.7	360.2

²⁴ As 2002-2003 represented a transition year, it was not possible to fully allocate Agency resources to Strategic Outcomes.

Financial Table 5

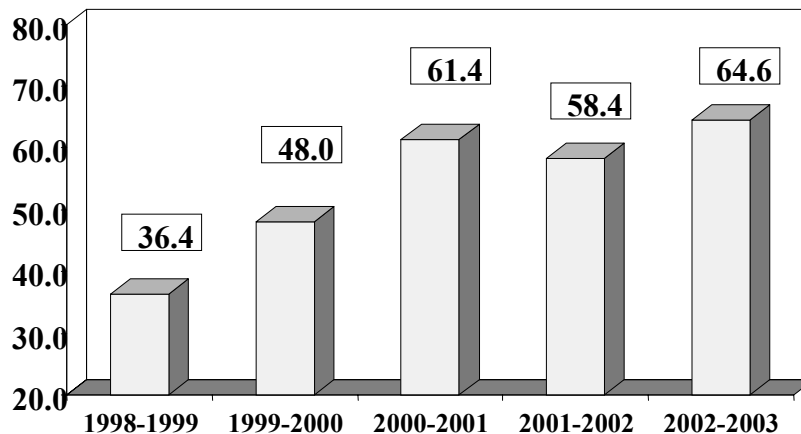
Revenues

The type of revenues collected is illustrated along with an historical perspective of actual revenues received. The graph below indicates the performance trend for collections.

Revenues for the Development Business Line (\$millions)					
Type of Revenues	Actual 2000-2001	Actual 2001-2002	2002-2003		
			Planned Revenues	Total Authorities	Actual
Non-respendable Revenues					
Repayable Contributions	47.6	49.1	50.0	50.0	55.3
Other	13.8	9.3	9.0	9.0	9.3
Total Revenues	61.4	58.4	59.0	59.0	64.6

Total authorities are main estimates, supplementary estimates, and other authorities.

Revenue \$ millions



In fiscal year 2001-2002, the adoption of accrual accounting results in eleven rather than twelve calendar months of collections.

The increase revenue in 2002-2003 over 2001-2002 is mostly due to the repayment of repayable contributions. Other revenues, which represent fees paid by borrowers approved under the *Small Business Loans Act*, the *Canada Small Business Financing Act*, and loan or credit insurance pursuant to the *Government Organization Act, Atlantic Canada, 1987*, are relatively stable.

Financial Table 6

Statutory Payments

Statutory payments made by the Agency for liabilities in Atlantic Canada under the *Small Business Loans Act* (SBLA), liabilities in Atlantic Canada under the *Canada Small Business Financing Act*, and liabilities for loan or credit insurance pursuant to the *Government Organization Act, Atlantic Canada, 1987* are shown below.

Statutory Payments by Business Line (\$millions)					
Business Lines	Actual 2000-2001	Actual 2001-2002	2002-2003		
			Planned Spending	Total Authorities	Actual
Development	6.8	7.5	5.0	5.4	5.4
Total Statutory Payments	6.8	7.5	5.0	5.4	5.4

Total authorities are main estimates, supplementary estimates, and other authorities.

Actual expenditures for 2002-2003 were lower than 2001-2002 owing mostly to reduce obligation under *Small Business Loans Act*.

Financial Table 7

Transfer Payments

Transfer payments refer to resources transferred to organizations and individuals and include expenditures made for both statutory appropriations and voted items for grants and contributions under Agency programming.

Transfer Payments for the Development Business Line (\$millions)					
Business Lines	Actual 2000-2001	Actual 2001-2002	2002-2003		
			Planned Spending	Total Authorities	Actual
Grants	3.7	1.9	2.0	2.0	2.0
Contributions	212.2	238.1	367.8	365.7	271.7
Total Transfer Payments	215.9	240.0	369.8	367.7	273.7

Total authorities are main estimates, supplementary estimates, and other authorities.

Total authorities include \$92.0 million reprofiled to future years for Atlantic Investment Partnership and Infrastructure programming, as well as the net transfer of \$2.0 million for the joint funding of interdepartmental initiatives.

Financial Table 8

Contingent Liabilities

Contingent liabilities are future costs that can be disbursed by the Agency if events or decisions beyond its control occur. The table below shows the amount of contingent liabilities that could arise from Loan Guarantees and Litigations.

Loans

The amount for loan guarantees represents loans by financial institutions that have been guaranteed by the Agency. Where financial institutions claim amounts against the guarantee, the Agency has authority to charge these payments against a statutory authority.

Claims, Pending and Threatened Litigation

Amounts captured as Litigation are claims against the Agency for damages incurred from losses suffered by outside parties.

Contingent Liabilities (\$millions)	Amount of Contingent Liability		
	March 31, 2001	March 31, 2002	Current as of March 31, 2003
List of Contingent Liabilities			
Loans			
Loan Guarantees	5.5	4.5	3.6
Claims, Pending and Threatened Litigation			
Litigations	10.1	10.2	10.0
Non-litigations	0.0	0.0	0.0
Total	15.6	14.7	13.6
Total authorities are main estimates, supplementary estimates, and other authorities.			

ANNEX C – Methodology for Estimating Economic Impact

PROCESS		OUTPUT
Agency database and Statistics Canada data on investment patterns ↓	→	<ul style="list-style-type: none"> ✓ <i>Project level expenditures, ACOA-only and totals by province and industrial sector</i> ✓ <i>Expenditures broken down by construction investment, machinery and equipment and operating</i>
Statistics Canada tracking data on ACOA clients, program evaluations ↓	→	<ul style="list-style-type: none"> ✓ <i>Incremental direct actual jobs created</i> ✓ <i>Incremental impact of projects on investment expenditures, sales, wages and salaries, exports and new SMEs)</i> ✓ <i>Incremental direct value added by industrial sector, by province</i>
Statistics Canada data on relationships between jobs, sales, wages and salaries and value added by industrial sector ↓	→	<ul style="list-style-type: none"> ✓ <i>Incremental value added by sector, by province adjusted for project failure rate</i>
Statistics Canada data on business entry and exit; Agency data on project default rates ↓	→	<ul style="list-style-type: none"> ✓ <i>Total impact including indirect and induced effects on GDP, employment and tax revenues</i>
Conference Board of Canada's Atlantic Provinces Econometric Model – investment and sector value-added adjusted upward by incremental investment and value-added by sector adjusted for failure rate	→	

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

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

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