

Atlantic Canada Opportunities Agency

**1999-2000
Estimates**

Part III - Report on Plans and Priorities

1999-2000 Estimates
Report on Plans and Priorities
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Acronyms or Abbreviations Used in the Report

BDP:	Business Development Program
BMP:	Business Management Practices
CBDC:	Community Business Development Corporations
CBED:	Community-Based Economic Development
CBSC:	Canada Business Service Centres
CEDC:	Community Economic Development Corporations
CFI:	Canada Foundation for Innovation
CRF:	Consolidated Revenue Fund
CRP:	Canadian Rural Partnership
CSA:	Canada Space Agency
Devco:	Cape Breton Development Corporation
ECBC:	Enterprise Cape Breton Corporation
EDA:	Economic Diversification Agreement
FDI:	Foreign Direct Investment
FIS:	Financial Information Strategy
FRAM:	Fisheries Restructuring and Adjustment Measures
FTE:	Full Time Equivalent
GDP:	Gross Domestic Product
HRDC:	Human Resources Development Canada
IBD:	International Business Development Cooperation Agreement
IRB:	Industrial and Regional Benefits
JEDI:	Joint Economic Development Initiative
KEP:	Knowledge Economy Partnership
OECD:	Organization for Economic Cooperation and Development
PWGSC:	Public Works and Government Services Canada
RDA:	Regional Development Authorities
REDA:	Regional Economic Development Agreement
SDS:	Sustainable Development Strategy
SME:	Small- and medium-sized enterprises
TAGS:	The Atlantic Groundfish Strategy
TBS:	Treasury Board Secretariat
TTNB:	Trade Team New Brunswick
UCS:	Universal Classification System
UNB:	University of New Brunswick
Y2K:	Year 2000

SECTION I - MESSAGES



Minister's and Secretary of State's Messages

1. Minister's Portfolio Message

Our vision of Canada at the dawn of the new millennium is that of a strong and dynamic country poised to be a global leader in the knowledge-based economy of the 21st century. Canada continues to face the challenges of responding to the rapid pace of global change, and of harnessing the benefits of the knowledge-based economy for all Canadians. The government's goal is to create economic growth and more jobs for Canadians, in order to improve incomes and our standard of living.

Our standard of living depends directly on productivity, and improving productivity growth will be one of Canada's key challenges in the years ahead. The Industry Portfolio has a pivotal role to play in meeting this challenge. With 42 percent of federal science and technology funding and many of the government's micro-economic levers at its disposal, the Industry Portfolio has a unique capacity for innovation, research excellence, and partnership. The 13 Portfolio members bring together a versatile array of complementary programs to help improve Canadian productivity and competitiveness by focusing on such strategic priorities as promoting innovation through science and technology, helping small- and medium-sized enterprises to grow, encouraging trade and investment, and promoting economic growth in Canadian communities.

The Industry Portfolio is ...

Atlantic Canada Opportunities Agency
Business Development Bank of Canada*
Canadian Space Agency
Competition Tribunal
Copyright Board Canada
Canada Economic Development for Quebec
Regions
Industry 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 Reports on Plans and Priorities*

I am pleased to present the Report on Plans and Priorities for the Atlantic Canada Opportunities Agency (ACOA). This Report sets out for Canadians the planned activities, priorities and resources over the course of the next three years. As a member of the Industry Portfolio, ACOA will continue to build economic capacity in the Atlantic region, generating jobs and increasing earned income. The Agency will work to improve the skills development and management practices of Atlantic small- and medium-sized business and to create economic opportunities through community-based economic development, with an emphasis on rural areas. These plans illustrate how ACOA, as a member of the Industry Portfolio, will contribute to improving Canada's competitiveness.

Canada is well equipped to be a leader in the knowledge-based economy of the 21st century. We have the people, the institutions and the research excellence. We have the vision to not only connect all Canadians, but also to connect them to the global marketplace. We know the challenges that we face and the opportunities afforded to us. By mobilizing our resources, we can be a leader in the new economy. By working together, we can ensure continuing success as we embark on the new millennium.

The Honourable John Manley

2. Secretary of State's Message

Although ACOA's mandate and mission have not changed substantially over the past 11 years, the way the Agency does business—the way it seeks to fulfill its objectives—has become more focussed. On the one hand, ACOA works in partnership with the region's provincial governments, and community and industry organizations to create fertile conditions for the development of new businesses, goods, services and processes; and on the other, it works to meet the tangible business development needs of its clients by providing direct access to capital and business information.

ACOA's priorities and programs reflect the national *Jobs and Growth Agenda*, with specific initiatives targeted at entrepreneurship and skills development, innovation and technology, trade, investment and tourism. The Agency also works to attract federal procurement contracts and advocates Atlantic interests in federal policy making.

These strategic investments in the people and businesses of Atlantic Canada will continue to pay off in a variety of practical ways: increased business start-ups, a higher SME survival rate, improved management practices for small businesses, increased numbers of exporters, more entrepreneurship courses at each level of the Atlantic school system, and expanded access to government business services.

Overall, these efforts will add up to greater economic activity, more jobs and increased earned income for Atlantic Canadians. It's a collaborative approach that recognizes the great power that emerges from combining the resources of the federal government with the resources, experiences and skills of a great variety of people who live and work in this region.

This Report sets out clear, measurable and substantial objectives. It represents the Government of Canada's continued commitment to the economic development of Atlantic Canada and I can assure you that ACOA will work tirelessly to realize that commitment.

The Honourable Fred J. Mifflin, P.C., M.P.
Secretary of State,
Atlantic Canada Opportunities Agency



Management Representation Statement

Report on Plans and Priorities 1999-2000

We submit, for tabling in Parliament, the 1999-2000 Report on Plans and Priorities (RPP) for the Atlantic Canada Opportunities Agency.

To the best of our knowledge the information:

- Accurately portrays the Agency's mandate, plans, priorities, strategies and expected key results of the organization.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

We are satisfied as to the quality assurance processes and procedures used for the RPP's production.

The planning and reporting structure on which this document has been based is the basis for accountability for the results achieved with the resources and authorities provided.

Peter Estey
Vice-President
Finance and Corporate Services

Date

J.D. Nicholson
President

Date

SECTION II - DEPARTMENTAL OVERVIEW



Mandate and Mission

The Agency derives its mandate from Part I of the *Government Organization Act, Atlantic Canada 1987, R.S., c. G-5.7*, otherwise known as the *Atlantic Canada Opportunities Agency Act*. The Act provides ACOA with a broad mandate for economic development in Atlantic Canada.

ACOA Mandate



To increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region.

To fulfill its mandate, the mission for ACOA is to work in partnership with the people of Atlantic Canada towards the long-term economic development of the region.



Objectives

1. Economic Development Approach

To meet its mandate the Agency pursues two distinct activities:

- a) *ensuring that a wide variety of business development tools and resources serve the diverse needs of the region's emerging and existing entrepreneurs; and,*

- b) *encouraging all federal and provincial government partners to ensure that all economic development programs and activities in Atlantic Canada are coordinated and designed to improve the climate for business growth generally.*

ACOA works to enhance the competitive strength of small- and medium-sized enterprises (SMEs) in the region. Statistics Canada research shows that in Atlantic Canada, over 95% of newly created businesses are small- or medium-sized firms with less than 100 employees.

Because of their relatively small size, SMEs can lack some of the internal resources necessary to compete and grow. ACOA works in cooperation with SMEs and other partners to provide resources such as: information and tools for developing export markets; linkages with universities to enhance research and development; and programs tailored to the unique needs of rural SMEs to ensure that they are able to take advantage of business opportunities. The health and expansion of SMEs are critical for the creation and maintenance of jobs in the region.

2. Strategic Priorities:

The Agency's strategic priorities focus on facilitating the creation and growth of SMEs, on overcoming barriers to growth, on fostering a development environment and on areas of special opportunities.

ACOA Strategic Priorities

- Policy, Advocacy and Coordination
- Trade, Investment and Tourism
- Innovation and Technology
- Entrepreneurship and Skills Development

3. Service Lines:

ACOA links its strategic priorities to its clients through programs or service lines which are grouped as core and non-core activities.

Core Activities

Access to Capital and Information - This is delivered through the BDP & CBSCs:

Business Development Program (BDP): The BDP is designed to help SMEs establish, expand and modernize by offering access to capital in the form of interest-free, unsecured loans. These loans are either conditionally repayable depending on the project achieving its objectives or unconditionally repayable. It also supports non-profit organizations providing services to Atlantic businesses.

Canada Business Service Centres (CBSCs): CBSCs, located in all four Atlantic provinces, provide business-related services and information products to SMEs and aspiring entrepreneurs through a 1-800 telephone service, Internet communications, fax, and walk-in services.

Community-Based Economic Development (CBED):

CBED is grass-roots action by members of a community to improve their economic conditions. Government can help by making its own resources more accessible and by forging links and partnerships among private and public stakeholders. ACOA has also supported the creation of investment funds and services for SMEs through the CBED organizations.

COOPERATION Program:

COOPERATION Agreements are comprehensive, federal-provincial, cost-shared initiatives designed to improve the environment for economic growth. The Program focuses on strategic investments benefiting an industry, a sector, a community or a province.

Non-Core Activities

Taking advantage of its established network and knowledge of the Atlantic region, ACOA delivers special development initiatives on behalf of the federal government which contribute to the general economic health of the region. These include adjustment initiatives to assist communities develop alternative employment opportunities and economic diversification in response to major economic problems such as: a. the downturn in the Atlantic groundfish industry; b. the closure of military bases; and, c. the cessation of ferry service between Borden and Cape Tormentine.

4. Organization Structure

ACOA's Head Office is located in Moncton, New Brunswick. Head Office components are the President's office, Policy and Programs, Corporate Affairs and Tourism, Finance and Corporate Services, Legal Services and Human Resources. The organizational structure is depicted in Table 2, page 60.

In each capital of the Atlantic provinces, regional Vice-Presidents are responsible for the delivery of ACOA programs. In Sydney, Nova Scotia, the Vice-President of Enterprise Cape Breton Corporation (ECBC) is responsible for delivering most of ACOA's programs in Cape Breton. Each Vice-President is equipped with Ministerial delegated authorities to approve projects and proposals occurring in his area of responsibility.

Through its Ottawa office, ACOA advocates the interests of Atlantic Canadians in the development of national policies and programs, including the interests of the region's entrepreneurs related to federal procurement.

ACOA legislation provides for an ACOA Advisory Board. The Board is composed of the President of ACOA and not more than seven other members who represent all areas in Atlantic Canada.

The President of ACOA is also President of ECBC. ECBC is a Crown Corporation established by legislation to promote and assist the financing and development of industry on Cape Breton Island, to provide employment outside the coal-producing industry and to broaden the base of the economy of Cape Breton Island. While ECBC and ACOA have a close working relationship and many ACOA programs are delivered in Cape Breton through the Corporation, ECBC is a separate entity and reports separately to Parliament through the Minister and the Secretary of State and it is therefore not included in this document.

5. Position within the Government

Since early 1996, ACOA has operated within the Industry Portfolio, which brings together the key departments and agencies responsible for science, technology, regional development, marketplace services, standards and micro-economic policy that report to Parliament through the Minister of Industry. The Portfolio's mandate, mission, objectives, priorities and services reflect the federal government's national *Jobs and Growth Agenda* to enhance:

- small- and medium-sized business (SME) development;
- trade and foreign investment;

- technology and innovation; and,
- employment opportunities for young people.

The foundation of the Portfolio approach is a commitment by its members to effective cooperation and partnerships, a concept which is central to how ACOA addresses the needs and opportunities of Atlantic Canadian SMEs.

ACOA's work contributes to the government-wide priorities to implement its *Jobs and Growth Agenda*.

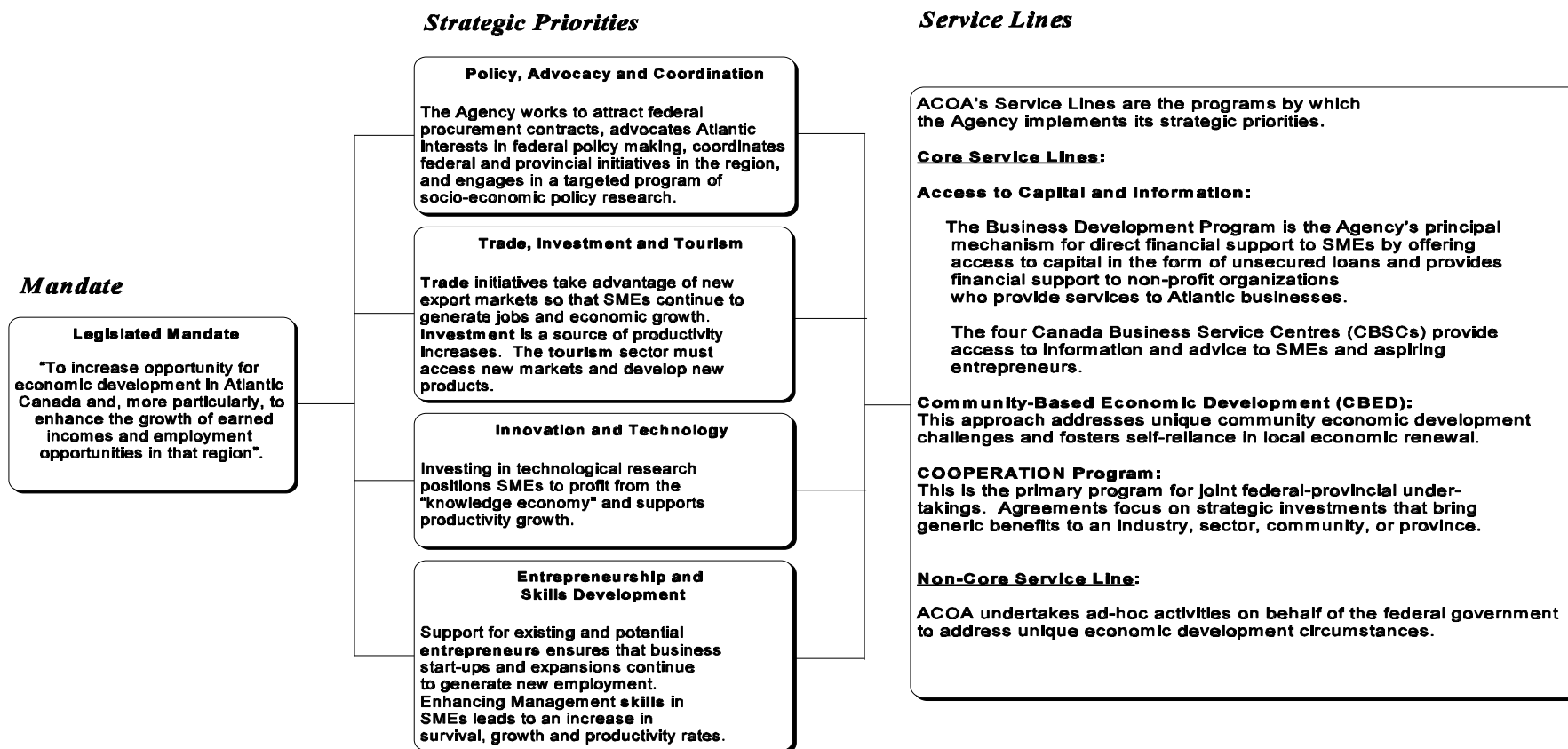
6. Co-delivery Partners

ACOA's approach to economic development has been based on the partnerships it has forged with the business community (SMEs and business associations), the provinces, other government departments and agencies, educational institutions, and various public and community-based economic development organizations.

Because regional economic development is a long-term, complex, multi-dimensional undertaking, the solution involves a wide variety of stakeholders. Almost all of ACOA's work involves working in partnerships.

Figure 1 on the following page illustrates the relationship between ACOA's mandate, strategic priorities and service lines.

Figure 1: Relationship between ACOA’s Mandate, Strategic Priorities, and Service Lines





Operating Environment

1. The Economic Policy Framework

The Federal Government supports many themes and priorities which engage Canadians in economic development. These include:

- helping small- and medium-sized business develop and commercialize new technology;
- supporting science, technology, and the creation of knowledge;
- connecting Canadians to the Information Highway;
- governments working together in partnership;
- increasing opportunities for Canadians in rural communities;
- expanding Canada's trade base;
- expanding opportunities in Aboriginal communities; and,
- increasing opportunities for Youth.

At the heart of this framework is an emphasis on equipping Canada for adaptation to the global, knowledge-based economy, where information and knowledge are viewed as the principal engines for sustainable long-term economic growth and social well-being. The federal government is actively promoting the adaptation and adoption of innovative technologies in all sectors and in all regions of the country. This effort is supported by a partnership approach involving all orders of government and the private sector to ensure adequate levels of education and training and the skills necessary to develop and utilize new technologies in the efficient production of goods and services. In addition to promoting the development of high technology industries, policies also encourage introducing new technologies and processes to more traditional industries such as our resource sectors, to promote more research and development in industry and to raise productivity levels.

The federal policy framework strongly encourages promotion of trade, investment and opportunities, both in terms of attracting offshore investment to Canada and expanding export markets for Canadian firms. This activity also benefits from a teamwork approach involving all orders of government and private sector partners. Such working partnerships are also evident in the government's efforts to promote innovation and in its broader efforts to help all regions and their communities develop their full economic and social potential. In Atlantic Canada, this partnership approach can be seen in a number of areas including: trade and investment initiatives; tourism promotion; development of new diverse technology-based sectors and value-added processes in resource sectors; promotion of linkages between post-secondary institutions and the economy; diffusion of

information technology to schools and communities; and learning and skills development for the region's current and future workforce.

ACOA's mandate and strategies are intricately linked with and supportive of this overall policy framework. Furthermore, the Agency, consistent with the *Auditor General's Act*, has formally adopted a sustainable development strategy which serves to blend social, economic and environmental concerns into the decision-making process. Through this strategy, ACOA focuses on both the greening of its own operations and on promoting the eco-efficiency of its clients, partners and other stakeholders in the region. The strategy also seeks to promote greater awareness of the importance of sustainable economic development in our communities and to advance the development of Atlantic Canada's environmental industry sector.

ACOA will continue its lead role in Atlantic Canada for coordinating the cross government Canadian Rural Partnership Initiative. Through this initiative, a team of federal departments is helping rural communities take advantage of economic opportunities. It is through these partnering relationships that regions and communities can work together to realize their economic and social potential.

ACOA is a key link in the region to the government's overall economic policies and priorities. The Agency's overall policy focuses on community economic development, on SMEs, on innovation, on trade, investment and tourism, and on entrepreneurship development and skill development. This creates opportunities for economic growth by building on the region's capacity and strengths. Additionally, ACOA ensures that federal economic policies are coordinated and guards against federal overlap and duplication in the region. The Agency works closely with its federal partners, the provinces, public institutions and community organizations in creating opportunity and economic growth.

2. The Industry Portfolio

As a member of the Industry Portfolio, established in 1996 to ensure a coordinated approach to horizontal policy initiatives, ACOA is well positioned to ensure that its priorities contribute to and support the government's overall micro-economic agenda.

As a member of the Portfolio, ACOA has an opportunity to collaborate on economic issues, thereby ensuring that the needs and realities of businesses and communities in Atlantic Canada are factored into national policy initiatives and programs. Participation in the Portfolio also gives the Agency access to a platform through which it can more effectively coordinate and integrate its initiatives. Participation in the Portfolio broadens the reach and scope of ACOA's approach to economic development, as it is based on partnership and cooperation with clients and stakeholders alike.

The Portfolio is a strong national advocate for business in general, and small business in particular. This role is enhanced by the regional and local stakeholder and client networks, as well as service capabilities, that are unique to ACOA and the other regional agencies. The Portfolio has a lead role in the development and advancement of micro-economic and sector policy, and the regional agencies bring an important local and regional dimension to this process.

ACOA will continue to work closely with the Portfolio, especially in such areas as Climate Change, response to Y2K, Small Business InfoFairs, Aboriginal economic development, Canada Business Service Centres Network, the development of science, technology and innovation policies, and communications.

3. Federal-Provincial Context

Atlantic Canada's four provincial governments and small, widely dispersed, population create the need for increased coordination of efforts on a regional basis. ACOA will continue working with the governments of the four Atlantic provinces to identify and address common economic development priorities. Specific issues will vary among the four provincial governments. Common concerns relate to health care, education and social programs, and the overall system of fiscal arrangements will be predominant features of the federal-provincial agenda. Economic priorities will include continued emphasis on the development of a thriving SME sector, emphasis on technology, technology-based business opportunities and preparing for the knowledge-based economy, increased trade opportunities, workforce and management skills development, tourism, rural/community development and sustainable unemployment reduction.

4. Economic Outlook

The economy of Atlantic Canada improved considerably during 1998, with economic growth supported by strong investment and increased consumer spending. It is estimated that real Gross Domestic Product (GDP) for Atlantic Canada will have increased by 3.5% during 1998, up from a gain of 1.5% in 1997. Economic growth in the region during 1998 was supported by offshore oil production, highway construction and development of Sable Island gas. Following several years of slower economic growth relative to the Canadian economy, this year's expected rate of expansion will exceed the national pace of 2.8%. The overall growth in Atlantic Canada tourism receipts during 1998 was 5.6%

During 1998, average monthly employment in Atlantic Canada increased by 2.8%, which is the same as the national rate. During the year, the unemployment rate for the region averaged 12.9%, down from 14% during the same period in 1997. Despite improvements in the job market, people continue to leave the region. The population of each Atlantic

province fell between July 1997 and July 1998, largely due to out-migration. The population of Atlantic Canada decreased by 11,152 or 0.5% over this period, while the national population increased by 1%.

According to the Conference Board of Canada, the overall economic outlook for Atlantic Canada is positive for 1999, with the region's economy being supported by developments in the oil and gas sector. Despite an international slowdown and continued global economic and financial uncertainty, the region's economy is expected to expand by 3% in 1999. This is higher than the forecast national rate of 2.5%. During 1999, economic growth is again expected to be driven by offshore oil production from Hibernia, highway construction and developments related to Sable Island natural gas, including pipeline construction. Output in the goods-producing industries is expected to increase by 6.5% supported by strong growth in the manufacturing, construction and mining sectors.

Some sectors, such as forestry and metal mining, are not expected to do well as a result of poor prices for several key commodities. Continued weakness in public sector activity will restrict growth in the service-producing industries to 1.7%. Employment in the region is forecast to increase by 1.3% in 1999, compared with a 1.9% increase for Canada. The unemployment rate for Atlantic Canada is expected to fall to 12.1%, down from 12.9% in 1998. Cape Breton will be experiencing adjustment challenges with the curtailed development of the Phalen mine and the privatization of the Cape Breton Development Corporation (Devco) operations.

While the near term economic outlook is positive, due to a number of large investment projects and solid growth in some sectors including Information Technology and Tourism, the region continues to address a number of structural problems. Lack of opportunities in rural areas and for youth is causing a net outflow of people from the region. This is of special concern in Atlantic Canada, where 47% of the population lives in rural areas, as compared to 22% for Canada. The resulting deceleration in population growth is dampening economic activity by hindering domestic demand. In addition, those who leave the region tend to be highly educated, contributing to a drain of skilled human resources. The region still needs to broaden its industrial base, and increase the level of participation in international export markets by small firms. As well, productivity levels would benefit from increased adoption of advanced technology, greater levels of training and more Research and Development. These and other challenges which ACOA faces in promoting economic development in Atlantic Canada are described in figure 5 on page 21.



Figure 2: Financial Spending Plan

Agency Overview				
(millions of dollars)	Forecast Spending 1998-99*	Planned Spending 1999-00	Planned Spending 2000-01	Planned Spending 2001-02
Gross Program Spending	363.5	332.0	301.6	269.5
<i>Less:</i> Revenue Credited to the Vote				
Net Program Spending	363.5	332.0	301.6	269.5
<i>Less:</i> Revenue Credited to the Consolidated Revenue Fund	34.0	38.0	38.0	38.0
<i>Plus:</i> Estimated Cost of Services Provided by other Departments	2.8	2.8	2.8	2.8
Net Cost of the Agency	332.3	296.8	266.4	234.3

*Reflects best forecast of total planned spending to the end of the fiscal year.

SECTION III - PLANS AND PRIORITIES BY BUSINESS LINE AND SERVICE LINE

Section III provides information on each of the Agency's Strategic Priorities and Service Lines, as well as on plans and priorities by province.



Summary of Key Plans, Priorities and Strategies

1. Business Lines

ACOA's program is divided into two main business lines: Development and Corporate Administration. The majority of ACOA's efforts towards the attainment of its objectives are accounted for under Development. The Corporate Administration business line isolates the administrative functions of the Agency from the direct program-related business of the organization.

Development:

Support and promote opportunities for economic development in Atlantic Canada, with particular emphasis on SMEs, through planning, research analysis, policy, program and project development and implementation, and through advocating the interests of Atlantic Canada.

Corporate Administration:

Ensure that ACOA's resources are efficiently and effectively managed and that administrative systems and services are in place to enhance management decision making, managerial accountability and operational control.

2. Key Results

Over the next three years ACOA's plans will continue to focus on its strategic priorities and service lines outlined in Section II. Section III contains the highlights of the major plans to be undertaken and the results which are expected. Figure 3 summarizes the Key Results anticipated for the year 1999-2000.

Figure 3: Key Results

to provide Canadians with:	to be demonstrated by:	Strategic Priority Service Line
greater economic activity in the Atlantic region, generating jobs and increasing earned income	<ul style="list-style-type: none"> • a co-ordinated federal-provincial economic development approach in priority areas resulting in sustainable job growth • international and domestic research and private sector partnerships that contribute to the commercialization and diffusion of technology • employment and new business start-ups as a result of access to capital for small- and medium-sized enterprises in Atlantic Canada • access to major contracts for Atlantic firms • increased tourism revenues and new tourism products for the region 	<ul style="list-style-type: none"> • Policy, Advocacy, and Coordination and COOPERATION • Innovation and Technology • Entrepreneurship and Skills Development, and Access to Capital • Policy, Advocacy and Coordination • Trade, Investment, and Tourism
skills development and improved management practices of Atlantic small- and medium-sized enterprises	<ul style="list-style-type: none"> • improved SME business management practices • the number of new exporters and participants in export readiness training • entrepreneurship courses at each level of the school system in partnership with provincial departments of education • participation in programs addressing the special entrepreneurship needs of groups such as Aboriginals and youth 	<ul style="list-style-type: none"> • Entrepreneurship and Skills Development • Trade, Investment, and Tourism • Entrepreneurship and Skills Development • Entrepreneurship and Skills Development
economic opportunities through community-based economic development with emphasis in rural areas	<ul style="list-style-type: none"> • the 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 • expanded access to government business services (financing, counselling and information) • communities' self-development and alternate employment in areas affected by the closure of the Atlantic groundfish fishery 	<ul style="list-style-type: none"> • Community-Based Economic Development • Canada Business Service Centres • Adjustment Initiatives



Development

1. Objective:

Key Objective:

To increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region.

The Development Business Line includes the Agency's program policy, planning, and delivery functions. The business line is divided into: Business Development; Canada Business Service Centres; Community-Based Economic Development; and COOPERATION. These service lines delineate the Agency's core business.

ACOA's strategic priorities—Entrepreneurship and Skills Development; Policy, Advocacy and Coordination; Trade, Investment and Tourism; and Innovation and Technology—remain relevant in the growth and development of the economy of Atlantic Canada. Figure 5

illustrates how ACOA's strategic priorities address areas critical to Atlantic Canada's economic development, and outlines the key challenges for ACOA in pursuing its mandate. An overriding challenge given the decline in resources available over the planning period will be to continue to direct support to the best opportunities to increase regional growth and competitiveness. This will include support to existing successful SMEs and assistance to firms in growth sectors such as information technology and environmental services and spin-off opportunities from oil and gas mega-projects.

Figure 4: Planned Expenditures under the Development Business Line

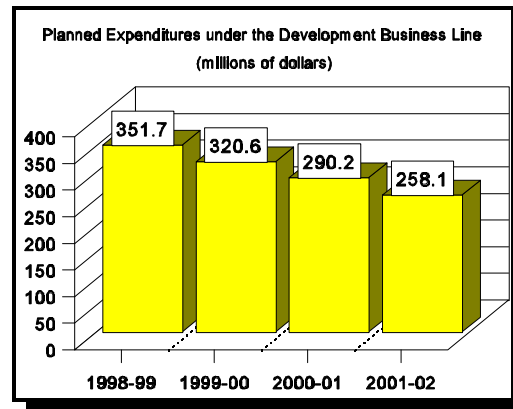
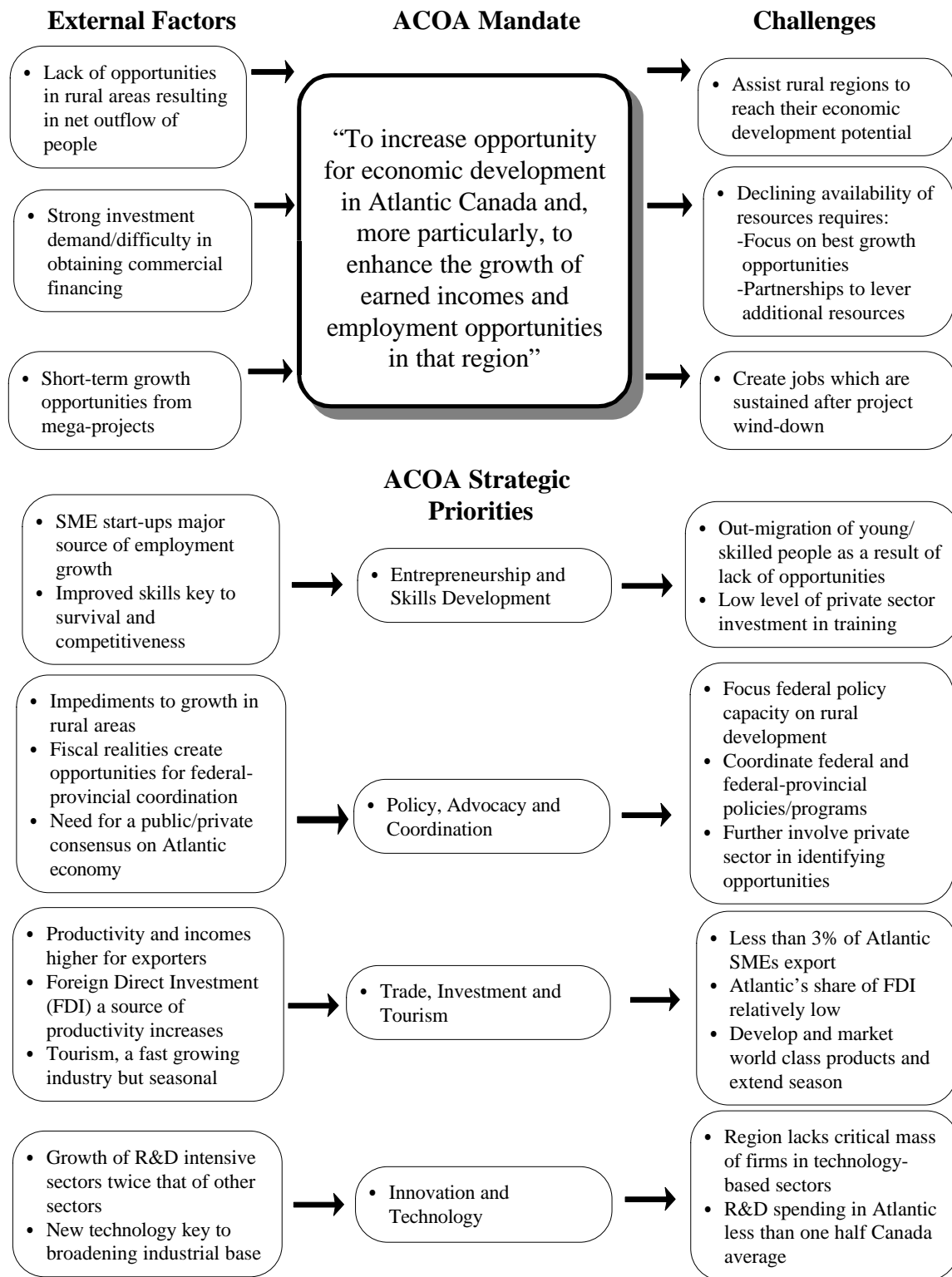


Figure 5: The Global Economy and the Challenges for ACOA



2. Plans and Priorities by Strategic Priority:

Entrepreneurship and Skills Development

Key Objective:

To contribute to an increase in the number of Atlantic Canadians who choose to start their own business and to improve SME chances for survival and growth.

- a) Entrepreneurship development activities are key to ACOA's and the government's *Jobs and Growth Agenda*. Entrepreneurship focusses on target client groups, existing and emerging entrepreneurs, and business support agencies.
- For new firms in Atlantic Canada, of the jobs created between 1989 and 1995, Statistics Canada shows that about 71% occurred in those with fewer than 100 employees.
 - In Organization for Economic Cooperation and Development (OECD) countries, a higher level of self-employment in an economy has been associated with higher levels of long-term job growth and GDP.

Plans and Priorities

Expected Results

- | | |
|---|---|
| ✎ Research/Evaluation - Contribute to the base of knowledge and understanding regarding entrepreneurship development practices and SME trends in the region. | ✓ A research study to determine what is required for development organizations to better assist women in achieving their entrepreneurship potential. |
| ✎ Awareness and Promotion - Foster an entrepreneurial culture through promotion of entrepreneurship and small business. | ✓ By using promotional tools such as media-based programming, and publications profiling entrepreneurial role models, achieve an "intent to start a business" index of 18% for the Atlantic Canadian population by the year 2000. |

Plans and Priorities

✎ **Education/Orientation** - Increase opportunities for people to learn the process of becoming an entrepreneur and starting a business.

✎ **Training and Counselling** - Facilitate access to quality entrepreneurship training and counselling.

✎ **Network Building** - Help the development of network activities and exchanges to promote dialogue, learning and partnering between business, government, educators and entrepreneurs.

b) Business Management Practices (BMP) will create improved management skills by SMEs which are key to increased survival and growth. BMP focusses on existing and emerging entrepreneurs.

Expected Results

✓ The opportunity for the majority of students from Kindergarten to Grade 12 and in the community college system to be exposed to entrepreneurship/enterprise curriculum by the year 2000.

✓ An increase in the number of students/youth involved in venturing programs from 400 per year in 1997/98 to 1,200 per year by 2000/01.

✓ 50 Small Business Counsellors per year in 1999 and 2000 certified by the Institute of Small Business Counsellors Inc. (ISBCI).

✓ Assist the Atlantic Colleges Committee for Entrepreneurial Development in the implementation of a Region-wide strategy.

Plans and Priorities

✎ **Business Management Practices**
Coordinate the completion of research on BMP usage by businesses in Atlantic Canada.

✎ Hold a Roundtable of economic development partners in Atlantic Canada to discuss the results of the research and map out the future direction of the BMP effort.

Expected Results

✓ Position Paper outlining SME needs and a coordinated approach to address these needs.

✓ Increased awareness by the economic development partners of the BMP needs of Atlantic SMEs and an agreement on coordinated action.

Plans and Priorities

- ✎ Complete the development and/or launch of the following tools:
 - BMP Diagnostic tool
 - Inventory/on-line database of training providers
 - Benchmarking/Performance comparison tool.

Expected Results

- ✓ An increase in the number of ACOA clients who have implemented or re-engineered their management practices, or have otherwise improved their management skills.

Policy, Advocacy and Coordination

Key Objectives:

To provide a sound basis for the Agency's strategic policy priorities and programs;

To advocate Atlantic Canada's interests, priorities and concerns in federal government policy making, program design and project selection; and,

To promote Atlantic capacity and interests in order to influence the government procurement agenda to bring more and better contracts and industrial benefits to the Atlantic region.

a. Advocacy and Coordination:

ACOA has a legislated role and mandate as advocate for Atlantic Canada's interests, priorities and concerns in federal government policy making, program design and project selection. This role recognizes the fact that Atlantic Canada, with 8% of the country's population, has an economy which still faces major adjustments and structural change. It also recognizes the unique demographic and economic characteristics of a region comprised of four provinces with often-differing agendas and interests.

Core objectives of the Advocacy and Coordination functions include:

- identifying, analyzing and providing advice on issues which can affect the opportunities for economic development in Atlantic Canada;
- ensuring awareness of and sensitivity to the interests, priorities and concerns of Atlantic Canada on the part of Portfolio partners, other government departments, and central agencies;
- ensuring an effective two-way process of information and sensitization, bringing insight and knowledge of policies, perspectives and priorities to and from the region; and,
- developing and promoting local and regional networks with Portfolio partners, other government departments and private and public sector stakeholders generally to help achieve optimum coordination in economic development strategies for the region.

ACOA's advocacy effort is advanced through strategic alliances and partnerships on a local and regional basis through a network of regional offices and field offices, and through its Ottawa office. Federal Regional Councils, for example, composed of senior federal officials in each of the Atlantic provinces, provide an excellent forum to coordinate and advocate federal initiatives in Atlantic Canada, such as innovative approaches to the delivery of programs and services. This network brings to the Portfolio, and the government as a whole, a special understanding of the Atlantic economy and the challenges and opportunities facing the region's business community.

Cabinet policy support and advice to the Minister and Secretary of State are carried out through gathering and disseminating local, regional, provincial and national issue-related intelligence, using the strength of regional partnerships and business and stakeholder networks to influence major federal policy reviews and economic strategies and a coordinated approach to influencing procurement and expenditure decisions.

Plans and Priorities

- ✎ Bring issues affecting Atlantic economic development to the attention of departments.

Expected Results

- ✓ Federal policies and programs which are sensitive to the needs of Atlantic Canada.

b. Economic Policy and Research Agenda:

The Agency's policy and research agenda is based on comprehensive regional experience, input from economic development stakeholders and partners, and findings and knowledge from a growing body of completed research and consultation. A forward-looking research plan is maintained which reflects and supports: emerging regional, provincial and local economic issues; structural challenges and opportunities in the Atlantic economy; sector-specific considerations; key federal policies; and ACOA strategic priorities and program initiatives. ACOA's approach includes internally driven research, research carried out by and with external partners, and policy roundtables and seminars. This approach helps to extend the Agency's horizontal policy reach by involving an expanding network of regional partners including public policy organizations, universities and the economics community, business associations and individual firms.

The research agenda focus will continue to examine key opportunities and challenges facing the Atlantic Canada economy. This could include subjects such as further exploration of growth opportunities in key knowledge-based sectors of the economy and related technology issues, identifying opportunities to enhance the region's trading capacity, and issues related to skills development in the regional labour force. In addition, efforts will be made to continue to expand the Agency's network of policy research partners.

Plans and Priorities

- ✎ Identify and action opportunities for new research collaboration and partnering with national and regional policy stakeholders on issues and opportunities germane to the Agency's mandate and sustainable economic development in Atlantic Canada.

Expected Results

- ✓ Policy studies and/or roundtables and seminars resulting in expansion of the network of policy partners and greater understanding of the economic challenges and opportunities facing the region.

c. Procurement and Industrial Benefits Strategy:

Government of Canada procurement, particularly through the Industrial and Regional Benefits (IRB) policy, provides opportunities for Atlantic Canada to acquire and develop technology and skills, leverage foreign investment, access protected foreign markets (for example, aerospace and defence markets), and forge business relationships and alliances with major global corporations. Through policy and project activities and in partnership with key procurement-related departments and

private corporations, the advocacy function aims to maximize these benefits for Atlantic Canada and to ensure they strategically complement other measures that support the long term development of knowledge-based, growth sectors (for example, aerospace) in the region.

Plans and Priorities

- ✎ Participate in the strategy setting and negotiation of project benefits, and through associated contractor tours and information seminars, inform major corporations and investors of Atlantic Canadian capabilities.
- ✎ Monitor and participate in the development and implementation of the IRB policy as a result of its evaluation or as a result of other policy-related initiatives.
- ✎ Participate in the CSA's development of Long-Term Space Plan III to promote space S&T benefits for Atlantic Canada with an emphasis on technology commercialization.
- ✎ Manage existing contractual benefits to Atlantic Canada.

Expected Results

- ✓ Provide maximum opportunity on upcoming major procurement projects for Atlantic Canada to acquire new business, technology and investment benefits.
- ✓ An IRB policy that is effective within the Atlantic Canada business context at bringing procurement benefits.
- ✓ Benefits to Atlantic Canada from CSA activities in the region.
- ✓ Improved technological capabilities and skills, for example in advanced materials and aeronautical engineering, as well as strengthened business and improved investment ties to major international corporations.

Trade, Investment and Tourism

Trade:

Key Objective:

To increase the number of new exporters and increase sales by existing exporters in current and growing markets.

Growth of the Atlantic economy is dependent upon improved export performance. Increased employment is critically linked to growth in export sales. ACOA's Trade strategy is designed to strengthen the export performance of the Atlantic Region by enhancing the capabilities of SMEs to establish and expand activity.

ACOA's trade strategy involves:

- providing trade services to SMEs in the areas of:
 - exporter preparation and development;
 - promoting exporting and exporters;
 - providing financial support for export development;
 - building SME export consortia;
- continuing the implementation of the pan-Atlantic International Business Development (IBD) Cooperation Agreement - focussing upon engaging groups of companies in international business activities in export markets;
- working closely with federal and provincial Team Canada partners, the private sector and other trade stakeholders in the planning and delivery of trade programs;
- playing an advocacy role for the region in the development of national trade policy and programs; and,
- undertaking trade research on issues critical to strengthening the region's trade.

Plans and Priorities

- ✎ Identify potential exporters and provide the training and mentoring required for export readiness.
- ✎ Provide financial and advisory support to export-ready firms to assist them to establish first-time export sales.
- ✎ Engage companies to establish export networks and launch IBD trade activities in key markets.
- ✎ Develop, with partners and industry associations, sector-specific export strategies for those sectors having the greatest export potential/capability.

Expected Results

- ✓ **80** potential exporters having completed export-readiness training in 1999-2000.
- ✓ **80** SMEs are successful first-time entrants into the international market (i.e. new exporters) in 1999-2000.
- ✓ **40** exporters diversify their activity in international markets in 1999-2000.
- ✓ Detailed export strategies are developed for **3** key sectors in 1999-2000.

Investment:

Key Objective:

Increase foreign direct investment in the Atlantic Region.

In the area of Investment, ACOA will focus on research and strategy development for investment promotion for Atlantic Canada.

Plans and Priorities

- ✎ Implement an investment research agenda and develop a strategy, in concert with partners such as Investment Partnership Canada, for enhancing Foreign Direct Investment (FDI) in the region.

Expected Results

- ✓ An investment promotion strategy initiated in 1999-2000 which, in the medium to longer-term, results in increased FDI in the region.

Tourism:

Key Objective:

To enhance the framework in which tourism operators can increase economic growth and activity.

In 1998, Tourism generated approximately \$2.8 billion in revenues, of which \$450 million were paid to the federal and provincial governments in taxes. There are about 100,000 tourism-related jobs in the region. Although tourism is a strong contributor to the Atlantic economy, further growth in this sector will produce an even greater impact.

ACOA works with provincial governments, industry associations and tourism operators to:

- maximize resource efficiency of the public and private sector tourism interests;
- foster harmony in the region's efforts in marketing, research, product development, human resource development and technology diffusion;
- create forums for addressing regional tourism issues; and,
- provide a regional voice on national tourism issues.

Tourism activities are coordinated under the Vice-President, Corporate Affairs and Tourism, Head Office, out of Charlottetown, P.E.I. The Vice-President is also responsible for the Atlantic Canada Tourism Partnership and any intergovernmental activities in Tourism in which ACOA is involved.

ACOA is the key federal and Industry Portfolio agent in Atlantic Canada in the implementation of the *Jobs and Growth Agenda* for the tourism sector. Strong linkages have been established between ACOA and the Canada Tourism Commission. Joint marketing endeavours are undertaken by the two groups.

Plans and Priorities

✎ Contribute to the Atlantic Canada Marketing and Product Development Initiatives and the Atlantic Canada Tourism Showcase to promote Atlantic Canada as a tourism destination.

✎ Provide assistance for the development of progressive management practices and improved service quality.

✎ Consistent with the provincial tourism policy and strategy, contribute to the development of services and attraction products and upgrading or renovating existing tourism accommodations infrastructure.

Expected Results

✓ A return on investment of \$10 per dollar of Atlantic marketing campaign investment and an economic impact of \$26 million from the campaign in 1999.

✓ Create two new tourism products for international market places.

✓ 150 Atlantic Canadian tourism operators and 75 North American (mostly from the United States) tour operators to attend Atlantic Showcase '99.

✓ Develop criteria for measuring industry management "best" practices and return on investment in human resource development.

✓ Approximately fifty new projects creating an additional 150 new jobs in the sector and maintaining approximately 100 existing jobs.

Innovation and Technology

Key Objective:

To strengthen the innovation performance of the Atlantic region through development and commercialization of new technologies, enhanced technology capability and growth of strategic sectors.

To strengthen the innovation and technology capacity of the Atlantic region, ACOA focusses upon five “themes”: creation of new technology firms; technology skills; strategic sectors; technology diffusion; and technology development and commercialization.

The following elements support these themes:

- providing conditionally or unconditionally repayable financing and advisory support for projects involving SME development, use and commercialization of technology, as well as support to research facilities which provide services to SMEs;
- supporting both domestic and international linkages/alliances for technology development and commercialization, including research-private sector partnerships and partnerships between private sector SMEs; and,
- undertaking innovation and technology initiatives in partnership with other key stakeholders.

Plans and Priorities

Expected Results

<p>✎ Help to create formal research-private sector linkages/alliances and encourage the extension of existing linkages for technology services to SMEs.</p>	<p>✓ A minimum of 15 new research-private sector partnerships in 1999-2000.</p>
<p>✎ Facilitate international research and development partnerships under initiatives such as the Canada-Israel Industrial Research and Development Foundation.</p>	<p>✓ 4 international research and development partnerships in 1999-2000.</p>
<p>✎ Partner with key innovation and technology stakeholders in developing plans for: creation of new technology firms; technology skills; strategic sectors; technology diffusion; and technology development and commercialization.</p>	<p>✓ In 1999-2000, a set of initiatives and activities in the five theme areas contributing to an increase in the medium to longer-term in: the number of new technology firms; enhanced technology skills; strategic sectors; technology diffusion; innovation and growth; and development and commercialization of new technologies.</p>

Plans and Priorities

☞ Assist in the development of initiatives for the Canadian Foundation for Innovation (CFI).

Expected Results

✓ The Atlantic Region will facilitate the assistance to at least 15 projects under the CFI.

3. Plans and Priorities by Service Line:

Access to Capital and Information

Key Objective:

To provide greater access to capital and information for Atlantic SMEs.

Among the greatest barriers to the start-up and expansion of SMEs in Atlantic Canada is insufficient access to capital and information. Breaking down these barriers, in association with public and private sector partners, is a priority for ACOA. The Agency aims to fill the most critical financing gaps such as soft-cost investments in new technology, software, prototypes, staff training, trade development and quality improvement measures. These investments often do not meet either the banks' risk requirements nor the size requirements of venture capitalists. ACOA helps with Access to Capital and Information by:

- making interest-free, unsecured loans through its Business Development Program;
- encouraging conventional lenders to increase their SME financing activities; and
- providing a client-oriented business information network centered on the Atlantic Canada Business Service Centres and other local business support organizations.

ACOA's long-term vision is for a self-sustaining Atlantic economy where a combination of equity, conventional financing, formal and informal venture capital, private placement and the stock market will provide adequate financing for all viable business opportunities.

This service line is made up of two components, the Business Development Program, and the Canada Business Service Centres.

Business Development Program (BDP)

The BDP is ACOA's principal program for providing financial assistance to SMEs and non-profit organizations for business support activities. The BDP is designed to help SMEs establish, expand and modernize by offering access to capital in the form of interest-free, unsecured loans. By providing access to capital for projects that otherwise would not have been able to proceed, the BDP facilitates private sector job creation. The BDP supports the Agency's strategic priorities.

Plans and Priorities

✎ Invest in approximately 1,000 SMEs annually to help them create and maintain jobs for Atlantic Canadians.

✎ Encourage formation of additional private sector investment funds.

Expected Results

✓ New employment.

✓ New business start-ups.

✓ New sales (and export sales).

✓ Increased productivity (value added per employee).

✓ At least two (2) more funds operating in the region.

Canada Business Service Centres (CBSCs)

As the managing partner for the Atlantic region CBSCs, ACOA plans, develops and implements operational policies and procedures to ensure the information needs of SMEs and potential entrepreneurs are met.

Plans and Priorities

✎ Provide client-centered business-related services.

✎ Facilitate, simplify and provide effective modes of access to government business services to rural and urban communities outside provincial capitals.

Expected Results

✓ Maintain high levels of client satisfaction.

✓ Increased access to CBSC information through the Internet and a network of intermediaries such as Community Business Development Corporations.

The CBSCs also facilitate access to capital by providing a comprehensive listing of support available through federal and provincial government programming and the private sector.

Community-Based Economic Development (CBED)

Key Objective:

To establish an effective CBED infrastructure which will result in the community taking increased responsibility for its own economic development.

Community-based economic development is one of the most cost-effective ways for the government to support job creation.

CBED is a collective action by the community in partnership with government to improve its economic health.

With their grass-roots knowledge of local business needs and economic conditions in their communities, CBED organizations are often the most effective means of delivering programs/services to support small business growth. They provide a vital means for the delivery of the government's commitments in jobs, growth and SME development, particularly in rural areas of Atlantic Canada.

In fiscal 1999-2000, the Agency expects to spend sixteen million dollars to support CBED through various organizations including the CBDCs. Federal contributions over the last several years have helped the CBDC investment funds grow to \$117 million.

Plans and Priorities

- ✎ Provide contributions to the CBDCs' investment funds to assist SME financing and counselling in rural areas. Work with CBDCs to optimize the use of investment funds.

Expected Results

- ✓ 1,500 loans to SMEs in 1999-00 with resultant jobs created and maintained in rural areas.

Plans and Priorities

- ✍ Identify SME support services which can be more effectively delivered at the local level and encourage other federal and provincial government departments to use CBED organizations to deliver their programs.

Expected Results

- ✓ Increased number of government services/programs accessible at the local level, particularly in rural areas.

COOPERATION Program

Key Objective:

To provide a strategic framework and process with the four Atlantic provinces to establish shared economic development priorities.

The COOPERATION Program is the primary program for joint Federal-Provincial undertakings.

COOPERATION agreements have been consolidated into single, broadly based regional economic development agreements in New Brunswick, Nova Scotia and Prince Edward Island. In Newfoundland, existing agreements continue to operate until their respective termination dates. A new broad-based bilateral agreement in Newfoundland was signed in October 1997.

These comprehensive agreements:

- help coordinate federal-provincial economic development activities;
- provide for flexible responsive programming;
- feature joint program development and shared implementation;
- ensure effective consultation in carrying out programs for economic development;
- foster harmonization and integration of federal and provincial economic development priorities; and,
- reduce implementation costs for the federal and provincial governments.

Additionally, there are pan-Atlantic agreements in place which focus on Entrepreneurship, Tourism and Trade.

Financial contributions under these agreements are not generally directed to individual businesses. They focus on strategic investments that bring generic benefits to an industry, a sector, a community or a province. The consolidated agreements run for five years and assistance is targeted to:

- ACOA’s strategic priorities;
- community economic development; and,
- equitable promotion of economic development in all geographic areas.

By province, the agreements focus on:

- **Prince Edward Island** ... value-added food processing, economic benefits - Confederation Bridge, biotechnology, tourism, community economic development, knowledge-based opportunities, aerospace industries and aquaculture;
- **New Brunswick** ... supported by a business case analysis, projects have a strategic focus such as support for the knowledge economy, development of new tourism markets and the preparation of a long-term workforce;
- **Nova Scotia** ... trade and gateway (transportation), culture and heritage, oceans and the environment, education and research, community economic development; and,
- **Newfoundland** ... technology, trade and investment, strategic sector development, entrepreneurship, and community economic development.

Plans and Priorities

Expected Results

<p>✍ Provide funding to assist the Atlantic provinces achieve joint economic goals of sustainable job growth through:</p> <ul style="list-style-type: none"> - export development/import substitution; - entrepreneurship development; - community economic development; - strategic infrastructure; and, - investment in key sectors. 	<ul style="list-style-type: none"> ✓ Increased jobs created and maintained. ✓ Increased earned incomes. ✓ Increased domestic/export sales.
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Aadjustment

ACOA addresses the fishery closure through the Community Economic Development and Economic Renewal Initiatives of the Atlantic Groundfish Strategy (TAGS) and through the economic development component of the Fisheries Restructuring and Adjustment Measures (FRAM). These community economic development measures build upon

regional strengths and opportunities through the regional economic development authorities. Long-term economic development initiatives include measures to promote long-term, self-sustaining economic activity. Performance indicators include jobs created, increases in earned income, increased export development and import substitution, increased opportunities for private sector investment, expansion of the competitive ability of the province's economy and provision of strategic infrastructure for information and innovative technologies.

ACOA has assisted communities in Atlantic Canada which have been affected by Canadian Forces Base closures as well as the closure of the American Forces Base in Argentia, Newfoundland. The funds are managed by local authorities or Boards who lead the development of short- and long-term job creation and economic diversification strategies to help offset the impact of the closures. The focus of the strategy is determined locally with ACOA playing a lead facilitator role.

ACOA is managing the agreement between the governments of Canada, Prince Edward Island and New Brunswick which pursues development opportunities for Borden, Prince Edward Island and Cape Tormentine, New Brunswick. The sub-programs are the Borden Area Redevelopment Program and the Cape Tormentine Area Redevelopment Program. These programs assist in the attraction of economic projects, the diversification of the economic base, and the generation of sustainable employment.

Plans and Priorities

Expected Results

- | | |
|---|--|
| ✎ To assist communities affected by the downturn in the Atlantic groundfish industry. | ✓ Lever development projects.
✓ Jobs to be created or maintained. |
| ✎ To assist communities affected by the closure of Canadian Forces Bases; and the construction of the Confederation Bridge. | ✓ Lever development projects.
✓ Jobs to be created or maintained. |



Consolidated Reporting

1. Year 2000 Readiness (Y2K)

A project team is engaged in the conversion of ACOA's financial management and program planning application. The balance of the Agency's applications are at various stages, from testing to implementation.

The Agency continues to work with its partners and clients to ensure that inter-connected operational and program delivery systems will be compliant and able to serve ACOA clients. The Agency is working with its partners and clients to ensure that no external impacts will corrupt ACOA's systems or its ability to serve all clients.

The Agency is also implementing a plan to heighten awareness among Atlantic Canadian businesses on the need to be prepared for the transition. ACOA staff are prepared to discuss Y2K issues with clients and the need for SMEs to have a plan. A Y2K brochure is being mailed to all clients who may be vulnerable to the year 2000 bug. The brochure will also serve as a hand-out to new applicants. Y2K potential impact is a consideration in the project evaluation process. In cases where the project's viability, and therefore the Agency's investment, could be compromised by Y2K issues, the Agency will require of the proponent specific measures, including Y2K action planning measures, as a condition of the Agency's investment.

2. Sustainable Development Strategy (SDS)

ACOA's three-year Sustainable Development Strategy was tabled in the House of Commons on December 10, 1997. The Strategy identified three main goals with specific objectives, targets, and performance indicators.

The following are the Agency's three goals:

Goal One: *Setting an Example in the Environmental Management of ACOA's Operations.*

Goal Two: *Promoting Sustainable Communities and Businesses in Atlantic Canada.*

Goal Three: *Advancing the Environmental Industry Sector in Atlantic Canada.*

All facets of the Agency's mandate (policies, programs, and operations) are represented and integrated into ACOA's action plan for SDS. Much of the work required this year will be oriented towards: raising staff awareness of SDS objectives; increasing the capacity of staff to deal with sustainable development issues; finalizing SDS measurement and reporting systems; establishing waste recycling programs; providing SDS information and advice to client groups and partners. Progress towards meeting the performance targets will be reported annually.

3. Service Quality

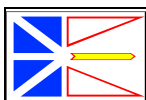
ACOA has recognized that Service Quality is an integral part of product delivery. In line with this, the Agency has developed a Service Quality Strategic Plan (Plan).

This Plan builds on existing initiatives to enhance client service. The elements of the Plan address: leadership; training and skills development; client satisfaction; rewards and recognition; service standards; and the tracking and reporting of results. With respect to rewards and recognition, the Agency considers it important to profile outstanding performance by employees in the delivery of services to clients.

It is the intention of ACOA to pursue the implementation of this plan during the 1999/2000 fiscal year. It is expected that the Agency will undertake on a corporate basis client satisfaction surveys as well as publish service standards; and will be actively tracking its performance in these areas.



Plans and Priorities by Province:



Newfoundland and Labrador

Economic Context

The rate of out-migration is a major concern for Newfoundland and Labrador. The province's population stood at approximately 584,000 in 1993; the current figure stands at 544,000, down nearly 7% from five years ago. Most rural areas have seen declines twice this level. The halving of employment within the fishery is the single biggest cause of decline, followed by a tightening of the EI program and cutbacks in public sector spending. Various population projections suggest the population will eventually fall below 500,000.

On the strength of production at the Hibernia oil field, the estimated Real Gross Domestic Product growth for 1998 is 4.5%. As well, a 30% increase in fish landings (mainly crab and shrimp) has provided a stimulus within rural areas, albeit, the new fishery is not generating the same employment levels as the former groundfish-based fishing industry. Shipbuilding at Marystown is providing a positive stimulus, as is small scale manufacturing and mining. Tourism numbers have also increased over the past two years on the strength of the exposure afforded by the Cabot 500 Celebrations. Overall employment figures for most of 1998 have tracked 3.5% higher than 1997 levels.

Improved economic performance can be expected over the longer term. Development of the Terra Nova oil field is proceeding, with first oil expected in 2001, and development of other fields will follow. Another anticipated major project is the Voisey's Bay nickel mine/mill and smelter/refinery. Plans to develop the massive Labrador nickel deposit are on hold pending resolution of issues related to construction of the island smelter/refinery and settlement of industrial benefits and land claims issues. Other proposed mega-projects include development of the Lower Churchill hydro potential and offshore gas production. Smaller scale economic stimulants include several island mining prospects as well as opportunities in the diversified manufacturing sector.

Challenges for ACOA Newfoundland:

BDP commercial lending increased during the past year, following a strong performance in 1997. Non-commercial program investments were also up, as the Economic Renewal Agreement moved into full swing and the newly signed Federal/Provincial Comprehensive Economic Development Agreement became active. ACOA Newfoundland's challenge is to support balanced growth in all parts of the province.

The regional economic development boards process has taken time to mature within most areas of the province. ACOA's challenge is to help the process continue to mature and to assist the regional boards to become major partners in development for the long term.

Access to capital continues to be an issue for SMEs, particularly in rural areas and in new economy companies. Concurrent with this, the provincial government has limited financial resources for direct assistance to businesses. ACOA's challenge is to find ways to work in partnership with other organizations to help SMEs deal with the access to capital problem and to build the confidence of traditional financial institutions in these sectors and regions.

Federal-Provincial Context:

Newfoundland and Labrador is experiencing current and projected economic growth through major resource projects. Newfoundland needs to maximize the level of benefits accruing to the local economy. ACOA will continue to work closely with federal and

provincial partners, with the economic zones and with industry, to ensure maximization of opportunities within all areas of economic strength.

Limited economic alternatives are available to offset fishing industry losses and young people are leaving rural areas in large numbers. Fisheries communities with declining populations must diversify their economy and focus on economic development that is sustainable in the long term.

ACOA Plans and Priorities:

One of ACOA's priorities in Newfoundland and Labrador is to focus on areas where opportunities for economic growth and development have been identified. Another priority is to respond to the employment and diversification needs in parts of the province hit hard by closures in the groundfish industry. ACOA will work with other government departments and the private sector to maximize the economic benefits arising out of major development projects, particularly in the offshore oil and mining industries.

Transformation of the provincial economy to a dynamic, export-oriented, forward-looking state is a high priority. Aboriginal economic development, integration of youth into the economic main stream and retention of educated youth all are fundamental to economic progress and high on ACOA's list of priorities.

Business Development Program (BDP): The strong take-up of the BDP is attributable to the proactive efforts of Agency staff, and to the fact that an access to capital gap continues to exist in the region. The BDP will complement strategic capacity-building and infrastructure investments under the Canada/Newfoundland COOPERATION program by offering continued access to capital for SMEs who wish to set up, expand or modernize. A strategic sector approach will continue to build upon existing successful companies and to assist firms operating in growth sectors (e.g., information technology, diversified manufacturing, environmental services and tourism) to maximize new opportunities in their areas of expertise. As most BDP contributions to business are unconditionally repayable, the Agency will continue to strengthen its monitoring and receivables management processes.

Community-Based Economic Development: The completion of the planning process and the heightening maturity levels of the Regional Economic Development Boards will provide governments with a partner to more effectively deliver community-based programming. The strategic plans of the Regional Development Boards will form the basis for development initiatives during the year; however, it will be a challenge to all parties to effectively respond to local demands from a regional perspective.

COOPERATION Program: The Comprehensive Economic Development Agreement will focus mainly on non-commercial activities in the areas of trade and investment, technology, entrepreneurship, community economic development and strategic sector development. The Strategic Regional Diversification Agreement will continue to support community initiatives that will help to diversify the economy, particularly in rural areas.

Canada-Newfoundland Agreement on Economic Renewal: The \$100 million agreement, which continues to 2001, will build on the substantial achievements to date. The Agreement will target advanced technology, tourism and aquaculture, placing emphasis on improving the investment climate in these sectors in order to help create jobs and increase earned incomes.

Adjustment: The Economic Development Component of the FRAM will support key economic development initiatives in areas affected by the downturn in the groundfish fishery. Using a sub-regional approach and engaging the various Regional Economic Development Boards in the decision-making process, the emphasis will be on projects that have long-term employment potential and help diversify the traditional rural economy. Community economic development and access to capital by SMEs will be key strategies of the programming in the coming fiscal year.

Policy, Advocacy and Coordination: ACOA will enhance its policy analysis capacity in Newfoundland and Labrador during the planning period. A significant portion of the policy, planning and research effort will be in support of ACOA's strategic priorities. The new dimension being added in the year will be a stronger focus on policy and development issues affecting coastal communities, particularly those touched by the downturn in the groundfish industry. ACOA will support the broader government policy agenda and will seek collaborations/partnerships with other federal organizations on these broader initiatives.

A priority objective will be to take a leadership role in coordinating programs and policies as they affect the Newfoundland economy (e.g. FRAM). Expert knowledge from other federal government departments will be sought and the Newfoundland Federal Regional Council will continue to be used as a vehicle for policy and research coordination (particularly through the recently established Policy Sub-committee). Strategic planning initiatives will be undertaken with the Province for various sectors, and the Newfoundland economy in general.

Communications: ACOA Newfoundland will develop and implement a strategy to communicate information about the changing Newfoundland economy and how the Agency's programs and service lines support change constructively.

Canada Business Service Centre (CBSC): Newfoundland will be expanding access to the services of its CBSCs by implementing a partnership arrangement with the Government of Newfoundland and Labrador. This partnership will include shared service delivery and enhanced delivery of business information to rural and urban areas. Electronic outreach is a major component of this initiative. Other economic development intermediaries throughout the province will be invited and encouraged to participate.



Nova Scotia

Economic Context

The Nova Scotia economy showed the second strongest growth in Atlantic Canada in 1998, at 3% in real terms, and this growth trend is forecast to continue for at least the next year. This strong growth is due in large part to capital spending and construction work associated with the Sable natural gas project. Investment intentions are robust, especially in the manufacturing, transportation and communications industries. The Sable project is having an increasing effect on the manufacturing sectors of the province. For example, a \$45 million pipe-coating yard which opened in late 1997 in Sheet Harbour currently employs 140 people. The Irving group is to build two offshore supply vessels at the Halifax Shipyards and this will involve some sub-assembly at its smaller yards in Liverpool and Shelburne. In addition, if the Port of Halifax is successful in its bid to build a superport for the post-Panamax line of container ships, there would be a significant infusion of economic activity in the province. This new facility could generate up to 8000 jobs during construction and 2000 on an ongoing basis. Nova Scotia experienced a banner year in tourism, helped in part by continued interest in the Titanic and the low value of the Canadian dollar. For the second year in a row, Nova Scotia tourism revenues will exceed \$1 billion. As of December 1998, room sales were up by 8% over 1997; air travel to the province was up by 7% and automobile entries were up by 9%.

In Cape Breton, activity surrounding the Sable project and the completion of construction of the Stora paper mill have bolstered growth. The construction of the Filmscape Sound Stage and the success of the 2nd Annual Celtic Colours International Festival highlight activity in the tourism, entertainment and culture sectors. There were significant developments in the resource sector, with the planned establishment of the Ocean Nutrition Canada fish oil and glucosamine processing facilities in Mulgrave and the Scotia Rainbow aquaculture development in Arichat. The opening of the Silicon Island Art and Innovation Centre and the Technology Enterprise Centre at the University College of Cape Breton will provide critical infrastructure for the continued development of the fledgling knowledge sector.

Challenges for ACOA Nova Scotia:

While the construction and fabrication associated with the Sable Gas project will be key engines of growth for the Nova Scotia economy, the challenge will be how ACOA can influence the sustainability of jobs after these phases of the project wind down. In addition, the Asian market is an important one for some industries located in Nova Scotia. The downturn in the Asian economies has reduced the demand for some Nova Scotia exports and businesses are having to adjust by finding alternate markets for their products and services. The value of the Canadian dollar continues to support a strong export demand for our goods and services. Nova Scotia's exports in the first half of 1998 were up 7.6% over the same period in 1997. The United States imports a broad range of Nova Scotia products such as tires, newsprint, wood pulp, lumber, fish and railcars. The challenge is to ensure that Nova Scotia businesses can continue to improve productivity to ensure that they maintain their competitiveness. Tourism in Nova Scotia continues to benefit from the attractive exchange rate with increasing traffic coming from the United States. The challenge is to ensure quality and services in terms of facilities and events and attractions that today's tourists are demanding. This creates an opportunity to continue to expand our tourist season into the "shoulder months". An ongoing challenge for ACOA Nova Scotia, however, continues to be how to ensure balanced economic growth throughout the province.

With the termination of the TAGS program, coastal communities which were dependent on the groundfishery will struggle to identify other economic opportunities to create employment.

Cape Breton Island continues to experience the pains associated with the decline of its long-standing cornerstone industries (coal, steel, and fish). Adjustment activities will be occurring to minimize the negative effects of the curtailed development of the Phalen mines and the privatization of the Devco operations. While dramatic shifts in employment from the traditional goods-producing sectors to service sectors have occurred over the past thirty years, the region has been unable to develop new opportunities quickly enough to offset this structural transition and associated shifts in labour force behaviour. Data from the 1996 Census shows that Cape Breton continues to underperform in terms of labour force characteristics, income levels, and reliance on government transfer payments.

Since mid-1997, there has been improvement in the performance of the Cape Breton economy. Preliminary employment estimates of 55,000 are the highest this decade. However, there are signs that the growth experienced over the past 18 months may be stalling. The November, 1998 unemployment rate (18.5%) is significantly higher than it was in November, 1997 (12.9%). Business surveys conducted in October, 1998 indicate that six-month business expectations are lower than over the same period the year before.

Federal-Provincial Context:

The provincial government's commitment to minimize any deficit has created a challenge for any new cost shared, collaborative initiatives. The provincial government has been adversely affected by the weak Canadian dollar because 40% of its debt is held in U.S. dollars, and has had to adjust a previous forecast of being in a surplus position to projecting a deficit. ACOA Nova Scotia and ECBC will maintain their strong working relationship with the provincial government to identify and address issues of common interest and opportunities to partner on individual initiatives.

ACOA Plans and Priorities:

Entrepreneurship and Skills Development: In 1999-2000 ACOA N.S. will support the development of an innovative entrepreneurial education program focussing on university students, and focus on youth and entrepreneurship development at the community level through the FRAM process and other programs. Also, ACOA N.S. will focus on increasing the uptake of training and counselling services by young entrepreneurs. In addition to youth, there will be focus on innovative approaches to increasing business start-ups and survival by expanding the province's existing incubation capacity, especially as it relates to technology firms, and developing and testing an innovative approach to providing incubation services virtually. ACOA N.S. will undertake a review and evaluation of existing business and counselling services, including the network of University Business Development Centres, and a review and evaluation of existing entrepreneurship development programs, in an effort to ensure coordination of efforts and identify and respond to opportunities and gaps.

ACOA Nova Scotia has made significant progress in promoting better business management practices (BMP) for SMEs; however, much remains to be done. ACOA Nova Scotia will continue its efforts to increase the awareness, among SMEs, of the importance of adopting sound, progressive management practices in order to improve their competitiveness and promote growth from start-up through to maturity.

Innovation and Technology: ACOA Nova Scotia and ECBC will focus their innovation and technology activities on providing project-specific financing support for the development, use and commercialization of technology in SMEs. They will also facilitate innovation in strategic sectors such as biotechnology, health, oceans and environment, and information technology. In addition, these activities will support public-private partnerships for technology development and commercialization with an increased emphasis on the university community. The Information Economy Initiative announced in May, 1998 was the single largest IT investment in Nova Scotia history. The three-year project provides information technology hardware, software, technical support and professional development for schools, universities and communities across Nova Scotia.

In 1999-2000 we will see outputs in terms of computers installed in schools, centers of excellence being established by the universities and increased support for community-based IT projects and CAP sites.

Trade, Investment and Tourism: ACOA's focus in the area of trade is to help develop the export capability of new and "new to exporting" companies. Marketing efforts will be supported directly through the Business Development Program in the form of assistance to SMEs. In the coming year, ACOA N.S. plans to continue an awareness campaign, increase the access of clients to export counselling and identify export opportunities. ACOA N.S. will also foster the development of intergovernmental and international partnerships to facilitate market entry for clients in key areas.

ACOA will continue to work with industry partners and the public and private sectors to assist in making our tourism product world class and capable of generating increased tourism export dollars to the region. Through its partnering with industry and the implementation of the Strategy for Tourism in Nova Scotia, ACOA works towards achieving the key goals of developing and marketing our product strengths, enhancing transportation access, addressing seasonality and enhancing quality.

In the transportation sector, a number of agreements with airlines have been implemented under the EDA's Air Accord Program. These will demonstrate increases in passenger volumes, spending in this sector and related increases in GDP and employment. Full evaluation reports on the individual Accords, including economic impact assessments, will be available early in 1999.

In Tourism/Entertainment/Culture, priorities will be in the development of eco-tourism, cultural tourism and film and music industries. In the resource sector, ECBC's focus will be opportunities in the agri-business, aquaculture and forestry sectors. The Corporation will continue to focus on the potential economic benefits of current and potential projects in offshore petroleum.

Policy, Advocacy and Coordination: ACOA N.S. will continue to keep a watchful eye on major procurement projects to ensure that Nova Scotians get a fair opportunity to participate. Policy and advocacy activities, in turn, serve to reinforce the Agency's efforts to bring a coordinated approach to economic development in the province.

Community-Based Economic Development (CBED): A network of local economic development organizations now serves all of Nova Scotia. These Regional Development Authorities (RDAs) will take on a more active role in leading and coordinating economic development activities in their areas, and specific results and achievements will be recorded and shared. The Community Business Development Corporations (CBDCs), which do community-based lending, will expand their loan portfolios and find service

delivery opportunities that will enhance their goal of self-sufficiency. RDAs and CBDCs throughout the province will strive to more closely integrate their services and infrastructure, building on a number of successful models now in place. These community organizations are in a good position to respond to the development and diversification needs of rural areas, particularly coastal communities most affected by the decline in the fishery.

There is a need to further identify the impediments to progress in rural Nova Scotia, particularly in the ever-changing fiscal and economic environment, and to identify the major developmental opportunities that exist based on the unique circumstances found outside the urban core of Halifax.

The Canada/Nova Scotia Business Service Centre provides access to a variety of business development programs through the on-site location of federal, provincial and private associations. ACOA N.S. plans to further regionalize the Centre's information services this year, by working with existing economic development organizations to improve business access to the Centre's resources. The Internet and planning tools will be used to expand the Centre's information base in response to the needs of the business clients.

COOPERATION Program: The Canada/Nova Scotia COOPERATION Agreement encourages groups of businesses and business associations to expand and improve their activities in a number of strategically determined areas where the province has a clear competitive strength: as a gateway to North America; an international centre for education and research; a leading trade centre; an international centre for the oceans and the environment; and the home of a wealth of culture and heritage. While this program does not normally provide direct support to individual businesses, it does encourage partnerships between businesses, the not-for-profit sector, and academia. Two hundred and six million dollars have been committed to this program, which extends until the year 2001. In 1999-2000, the EDA will increase its focus on monitoring project results and will focus on addressing priorities with the available remaining funding.

Business Development Program: The BDP will continue to assist the expansion of new jobs in small- and medium-sized enterprises. Emphasis will be placed on existing successful companies and those involved in export sales, and the growth sectors of the new economy.

Adjustment: As part of the three-year, \$21.3 million Economic Development Component of the FRAM, ACOA N.S. and ECBC will be working with coastal communities to develop strategic plans and to identify projects that will help diversify their economies and create long-term sustainable jobs. A partnership will be developed to work closely with HRDC and others at the community level.

Communications: Over the coming year, ACOA N.S. will continue to actively promote new ACOA projects and ongoing successes and improve and forge new communications alliances with the province of Nova Scotia, various partners and project proponents.



Prince Edward Island

Economic Context

The building of the Confederation Bridge, strong potato prices and the rapid expansion of the potato processing industry resulted in a positive surge in the province's economy over the period from 1994 to 1996. The completion of the Confederation Bridge in 1997 saw, however, the end of nearly 2,000 construction jobs in the Island economy. In addition, the prices for the potato crops of 1997 and 1998 have been weak and pork prices in 1998 were at record lows. The Provincial Government recorded a balanced budget in 1995/96 followed by deficits in both 1996/97 and 1997/98 and a \$2.9 million deficit is forecast for 1998/99. Cuts in federal transfer payments have had negative impacts on the province's economy.

Labour market participation was 70,800 in September 1997 and in September 1998, the participation topped out at 71,100. This positive growth is attributed in large part to the growth of the tourism industry, where provincial revenues have increased from \$171 million in 1996 to \$263 million in 1997 and is expected to top \$300 million in 1998. Return on investment in the Confederation Bridge is beginning to have a ripple effect on the Island's economy. Prince Edward Island's exports, especially those to the U.S.A., are improving. Percentage increases over the period 1993-97 for exports to Massachusetts are up 139%, to Pennsylvania up 190% and to Texas, up a very impressive 655%. The Island's Gross Domestic Product growth (% change) was 1.9% in 1997 and is forecast to be 0.6% for 1998 and 1.3% in 1999.

Challenges for ACOA Prince Edward Island:

The tourism sector has played a growing role in the Prince Edward Island economy over the past decade, surging to record levels with the opening of the Confederation Bridge. Recognizing that tourism is a global industry and that international visitors are a growing market, ACOA must work to increase the diversification and quality of P.E.I.'s tourism products.

In the past two years, P.E.I. has positioned itself to thrive in the knowledge-based economy of the new millennium. New opportunities are emerging. To realize these

opportunities, ACOA P.E.I. and its partners must work to establish a world-class infrastructure and an effective technology base that will provide a positive climate for new ventures and entrepreneurship.

Four aircraft/aerospace related companies have firmly established themselves along the hangar line of Slemon Park. As Slemon Park Corporation moves ever closer to economic self-sufficiency, it is crucial that ACOA and the government of P.E.I. focus attention on prospecting for additional aircraft/aerospace firms to ensure that the Park continues to grow as a first class aircraft components manufacturing, repair and overhaul facility.

As part of the Sable Island natural gas project, ACOA Prince Edward Island will be challenged to identify the economic impacts of a mainline natural gas pipeline to P.E.I. This will include identifying the impact of using natural gas to generate electricity on the Island as well as identifying potential industrial investment opportunities arising from the introduction of natural gas such as its use as a feedstock and its use by new industries that have high energy requirements.

Our challenge is to ensure that P.E.I. products remain competitive in the face of the downturn in the Asian economy and the U.S. trading sensitivity to the level of our currency. The value of our dollar is both a challenge and an opportunity.

Federal-Provincial Context:

The federal/provincial Regional Economic Development Agreement (REDA) emphasizes the strategic priorities of both levels of government. One of its major aims is to support the establishment and upgrading of economic development infrastructure. Priority areas for Prince Edward Island include the tourism, information technology, aerospace, manufacturing and food processing industries. Given Prince Edward Island's economic history as an exporter, the further development of export-oriented entrepreneurs will also constitute a major priority.

ACOA Plans and Priorities

Business Development Program: ACOA expects to help create and maintain jobs in Prince Edward Island. Areas of particular activity are expected to be in the information technology, aerospace, tourism and food processing industries.

Policy, Advocacy and Coordination: At the federal level, ACOA will continue its coordination efforts through the Federal Regional Council to harmonize federal efforts in the economic development field. ACOA P.E.I. will continue to ensure a joint strategic policy planning process with the Provincial Government. ACOA will also help institute

the critical infrastructure needed for the development of the knowledge-based sector of the economy.

COOPERATION Program: The federal/provincial Regional Economic Development Agreement (REDA) is designed to promote coordination between the two levels of government. The 1996-2001 Agreement supports general strategic economic development efforts in the tourism, information technology, export trade and prospecting, value-added manufacturing, aerospace, and food processing industries.

Canada Business Service Centre (CBSC): Besides day-to-day service to a growing number of business clients, efforts continue to offer network servicing equally throughout the province by way of linkages with the provincial Regional Services Centres.

Communications: The Prince Edward Island communications strategy focuses on direct communications with clients through an enhanced provision of information to the business support network. The strategy emphasizes communicating the importance of Prince Edward Island's role in the knowledge economy, and along with other priorities, it forms the basis of communications activities at the strategic and program levels for 1999-2000.

Community-Based Economic Development: ACOA and the Government of P.E.I. will continue to support the four Community Economic Development Corporations (CEDCs) located in rural P.E.I. These organizations deliver lending services and development programs, including the Young Entrepreneurs ConneXion Seed Capital Program, and the Self Employment Assistance Program on behalf of Human Resources Development Canada. The CEDCs offer a variety of development projects related to local strategic priorities and provide information and business counselling services to individuals in the local area wishing to start up in business. These same services are also offered to the seasoned entrepreneurs in the local area. The CEDCs work in close cooperation with the CBSC as a local resource centre to local business.

Canadian Rural Partnership: The Canadian Rural Partnership (CRP) was put in place to strengthen the Government of Canada's commitment to Rural Canada by supporting cross-government activities of federal departments and agencies. ACOA continues to have a strong presence in rural Prince Edward Island as an active partner in rural economic development issues through established partnerships with the community-based economic development organizations and the province; and through assistance and counselling services to SMEs.

ACOA will continue in a leading partnership role in the CRP by chairing the P.E.I. rural team which is composed of representatives of federal Departments and Agencies. As part of the National Rural Dialogue Process, ACOA was actively involved in supporting the Rural Dialogue session held in P.E.I., giving opportunity for rural citizens to input to

federal policy and describe challenges facing rural citizens and actions required. As a start to this dialogue process on the Island, ACOA partnered with the CEDCs to implement a “Rural Youth Entrepreneurship & Services Pilot” workshop at four locations to introduce youth to the personal elements of entrepreneurship impacting on the success or failure of operating a business. Access to federal programs and services in rural areas was identified as a key issue throughout the dialogue process. Through a Memorandum of Understanding with the Rural Secretariat, Agriculture & Agri-Food Canada, ACOA is partnering with the Central Development Corporation (one of the four CEDCs on the Island), the Government of Prince Edward Island, the Canada Business Service Centre, the Regional Services Centres and Human Resources Development Canada to enhance the delivery of information on government programs and services to rural areas by way of interactive desktop video conferencing technology.

In 1999-2000 and beyond, ACOA will continue to work with its partners to increase awareness of and improve access to government programs and services.

Knowledge Economy Partnership: The Knowledge Economy Partnership (KEP) is an information technology related initiative targeted at accelerating the growth of a knowledge-based economy on Prince Edward Island and improving service to the public by all levels of government. Over forty related initiatives have been launched with more planned for 1999-2000. The collaboration for this partnership is between the Government of Prince Edward Island, Holland College, The University of Prince Edward Island and the Government of Canada. Federal principals include the Atlantic Canada Opportunities Agency (P.E.I. office), Human Resources Development Canada and Veterans Affairs Canada.



New Brunswick

Economic Context

The non-residential construction sector is the underlying factor in the strengthening of the provincial economy in 1999. In addition to the \$600 million Trans Canada Highway construction project and the \$650 million natural gas pipeline construction project, a \$750 million expansion of the Irving Oil Refinery was recently announced which will mean an additional 2,000 construction jobs.

Generally, the economy of northern New Brunswick is dependent on the economic performance of resource-based sectors. In 1998, low commodity prices explained the contraction of the forestry and mining sectors. During the year, the unemployment rate in

northeastern New Brunswick continued to be persistently higher than in any other region of the province and, in fact, has been the only region of the province whose rate was higher than the provincial average. In November 1998, the provincial government appointed a commission to consult the population of the Acadian Peninsula, in northeastern New Brunswick, on economic development opportunities. The federal government, through ACOA, is represented on the provincial committee that is overseeing the work of the commission.

Salmon aquaculture is the key economic component to the rural communities of southwestern New Brunswick. A deadly Atlantic salmon virus resulted in an eradication order for affected sites during the year. ACOA worked with industry and government officials to formulate a strategy of response. Emergency compensation of \$13 million to fish farmers was announced by the federal government in December 1998.

Challenges for ACOA New Brunswick:

The New Brunswick economy, as are the economies of the other Atlantic provinces, is sensitive to the impacts resulting from large construction projects. A challenge for ACOA and its partners in the new millennium will be the ability to sustain the economy's growth at current levels, unless other major capital projects are found. The introduction of natural gas as an energy source to the province raises the challenge of identifying and promoting the opportunities associated with its inherent cost efficiency as a fuel source. Another challenge for ACOA and its economic development partners will be the development of appropriate strategies for responding to the sensitive situation in the Acadian Peninsula. Still another challenge for ACOA and its partners in the coming year will be to capitalize on value-added opportunities in salmon aquaculture and to develop opportunities for aquaculture in other species and in other areas of the province. For resource sectors, generally, the development of value-added opportunities is the strategy being undertaken by governments in order to sustain the resource and to maximize the value of output.

Federal-Provincial Context:

In advancing the federal government's economic development agenda in New Brunswick, ACOA will continue to meet regularly with the provincial government in order to identify strategic priorities and to plan initiatives that will reinforce the overall development effort. Areas of strategic priority for ACOA will continue to include, among other things: a focussed effort on trade; small business development which includes entrepreneurship; business management practices; access to capital and information; community and rural economic development; and a special focus on Aboriginal economic development. To ensure that small- and medium-sized businesses located in all areas of the province have access to the business programs and services of the federal government, ACOA will continue to coordinate and help maintain a network comprised of district and satellite

offices; “one-stop” access points to other departments and agencies; Regional Economic Development Commissions; and Community Business Development Corporations.

ACOA Plans and Priorities:

Aboriginal Economic Development: ACOA will continue to participate in the Joint Economic Development Initiative (JEDI). ACOA will focus on Community Economic Development with respect to First Nations and Aboriginal Organizations. This focus will highlight capacity building within the existing Community Economic Development Organizations and other Aboriginal Organizations. Business development will continue in a more strategic fashion, with our Aboriginal Development Officers providing more outreach services to the First Nations Communities and Aboriginal Organizations incorporating linkages with the Regional Economic Commissions. ACOA will also continue to develop partnerships and source funding for individual and community economic initiatives.

Business Development Program: The BDP is expected to lever project investment from the private sector and investment banking community which will spawn increased business activity and employment for the Province. Further support in the information technology, tourism, aquaculture and value-added wood processing sectors will also increase export sales, lessen reliance on imports and improve productivity.

Entrepreneurship and Skills Development: ACOA has developed and implemented, in cooperation with various other stakeholders, awareness programs and other BMP initiatives. Working with local stakeholders, ACOA has identified training needs of SMEs and fifteen training sessions have been developed. During 1999-2000 these sessions will be delivered throughout New Brunswick by independent trainers. Revisions will be made to the ACOA-developed management diagnostic tool.

Community-Based Economic Development (CBED): The primary objectives are to: develop and support good working relationships among CBED partners; complete the roll-out of the joint client tracking system to CBED partners; develop projects which will lead to the creation and maintenance of jobs; implement support services such as a mentoring program for SMEs and Academic Partnering for the development of trade-ready firms; expand the reach of CBSC services to rural communities where needed and when feasible; and bring the provincial government to commit to being a funding partner in CBSC.

Communications: Activities will be undertaken to: maintain or increase public support for the Agency; increase the public and stakeholder awareness and understanding of what the Agency does and why its work is necessary; and promote public awareness of ACOA's strategic priorities, programs and initiatives.

Policy, Advocacy and Coordination: ACOA officials will meet on a monthly basis with senior staff of the HRDC provincial office, the provincial Department of Economic Development, Tourism and Culture, the provincial Department of Labour and the New Brunswick Regional Development Corporation to discuss policy and project funding issues. The Vice-President of ACOA New Brunswick will become the Chair of the New Brunswick Regional Council for a two-year term effective April 1, 1999. The New Brunswick Regional Council will be working with all other regional councils in creating a policy document on "Regional Participation in the Policy Process, Making it Real" as well as identifying the policy capacity in New Brunswick and Atlantic Canada. As well, ACOA will continue to facilitate the Canadian Rural Partnership Initiative by participating in and chairing the New Brunswick interdepartmental committee.

As was done in 1998-1999, consulting assistance will be provided to New Brunswick universities in order to assist them in their preparation of applications to the Canada Foundation for Innovation (CFI). In 1998-1999 New Brunswick universities were awarded over \$2 million from the CFI for 11 projects. The CFI funds were also matched with an equivalent amount from the Regional Economic Development Agreement. Efforts will be made in 1999-2000 towards achieving the same amount and number of awards from the CFI.

COOPERATION Program: The Regional Economic Development Agreement (REDA) has provided support for: the development and expansion of the economic base; improved competitiveness; sustainable job growth; development of small- and medium-sized businesses; and the development of human resources in the province. The Agreement focusses on non-commercial assistance with each proposal subjected to a business case analysis, including measurable outputs and targets. Projects funded to date have been concentrated in the areas of tourism, innovation and technology, aquaculture and biotechnology.

Trade, Investment and Tourism: In addition to other Agency activities in trade, ACOA continues its commitment to Trade Team New Brunswick (TTNB) by introducing SMEs to the value and importance of exporting and the direction they must take to become exporters. ACOA will continue to offer trade seminars and workshops, counselling and advice as well as funding under its various programs, including BDP and REDA, to ensure that the SMEs' exporting needs are addressed.



Corporate Administration

1. Objectives

Key Objective:

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.

Corporate Administration includes:

- the executive offices of the Minister, the Secretary of State and the President;
- Finance, Systems and other administrative support services;
- Human Resource services and activities;
- Review, Internal Audit and Evaluation activities;
- Legal Services; and,
- Head Office communications not related to specific programs.

The Corporate Administration Business Line includes a wide range of administrative activities in support of Agency programs and management. Functions such as Access to Information, secretariat support to the President, the Minister, the Secretary of State and the ACOA Advisory Board are essential to the effective management of the Agency. The Agency Communications function develops – and conveys to the public – information on the Agency's programs and services to ensure equitable public access to those programs and services. In addition, the Communications function attempts to increase the public's and stakeholders' understanding of what ACOA does, why its work is necessary, and what results or benefits are realized. The Human Resources Branch provides advisory services to the President and senior management of the Agency in all aspects of Human Resource Development in order to strengthen and enhance its internal and external capacity with clients.

2. Operating Context and Key Initiatives:

Plans and Priorities	Expected Results
✎ Implement ACOA's Staffing Accountability Framework.	✓ Increased utilisation of newly delegated staffing authorities from the Public Service Commission.
✎ Implementation of UCS and conversion of all ACOA positions.	✓ Simplified and streamlined pay, staffing, and classification.
✎ Develop a new 5-year Employment Equity plan.	✓ A renewed focus for Agency efforts at increasing target group representation.
✎ Undertake strategic reviews to determine whether Agency's major priorities and programs are meeting their objectives.	✓ Evaluations of the Innovation and Technology strategic priority and the Agency's CBED policy.
✎ Assist Agency managers to obtain better information on the economic benefits of projects in order to improve the effectiveness of ACOA programming.	✓ Implementation of an Agency-wide benefits monitoring system; more comprehensive data from Statistics Canada on performance of Agency supported SMEs.
✎ Inform the general public and ACOA stakeholders of the Government of Canada's commitment to regional economic development and ACOA's role in it, especially with respect to ACOA's Thematic Announcements Approach, and Industry Portfolio messages to the Atlantic Canadian public and other stakeholders.	✓ Increased public and stakeholders understanding of what ACOA does, why its work is necessary and what results are delivered; and increased awareness of government programs and services available to business; and increased awareness of the Industry Portfolio concept and ACOA's role in the Portfolio.
✎ During 1999-2000, the Agency will increase the availability of corporate information to assist managers in making effective business decisions.	✓ Technical and operational solutions will be developed using modern-day automated data warehousing and reporting techniques in accordance with defined user and business priorities.

Plans and Priorities

- ✍ By fiscal year 2000-2001, ensure that the Agency is ready to implement the Financial Information Strategy (FIS).

Expected Results

- ✓ Systems meet Treasury Board and Public Works and Government Services requirements; reporting requirements met; staff fully trained; and policy and procedures developed.

SECTION IV - SUPPLEMENTARY INFORMATION

Profile of Resources

**Table 1: Industry Spending Authorities - Ministry Summary
Part II of the Estimates**

Vote (millions of dollars)	1999-00 Main Estimates	1998-99 Main Estimates
Atlantic Canada Opportunities Agency		
20 Operating expenditures	44.3	47.1
25 Grants and contributions	223.4	258.9
(S) Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	7.0	8.4
(S) Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	1.0	2.0
(S) Contributions to employee benefit plans	4.3	4.3
Total Agency	280.0	320.7

Table 2 - Organization Structure

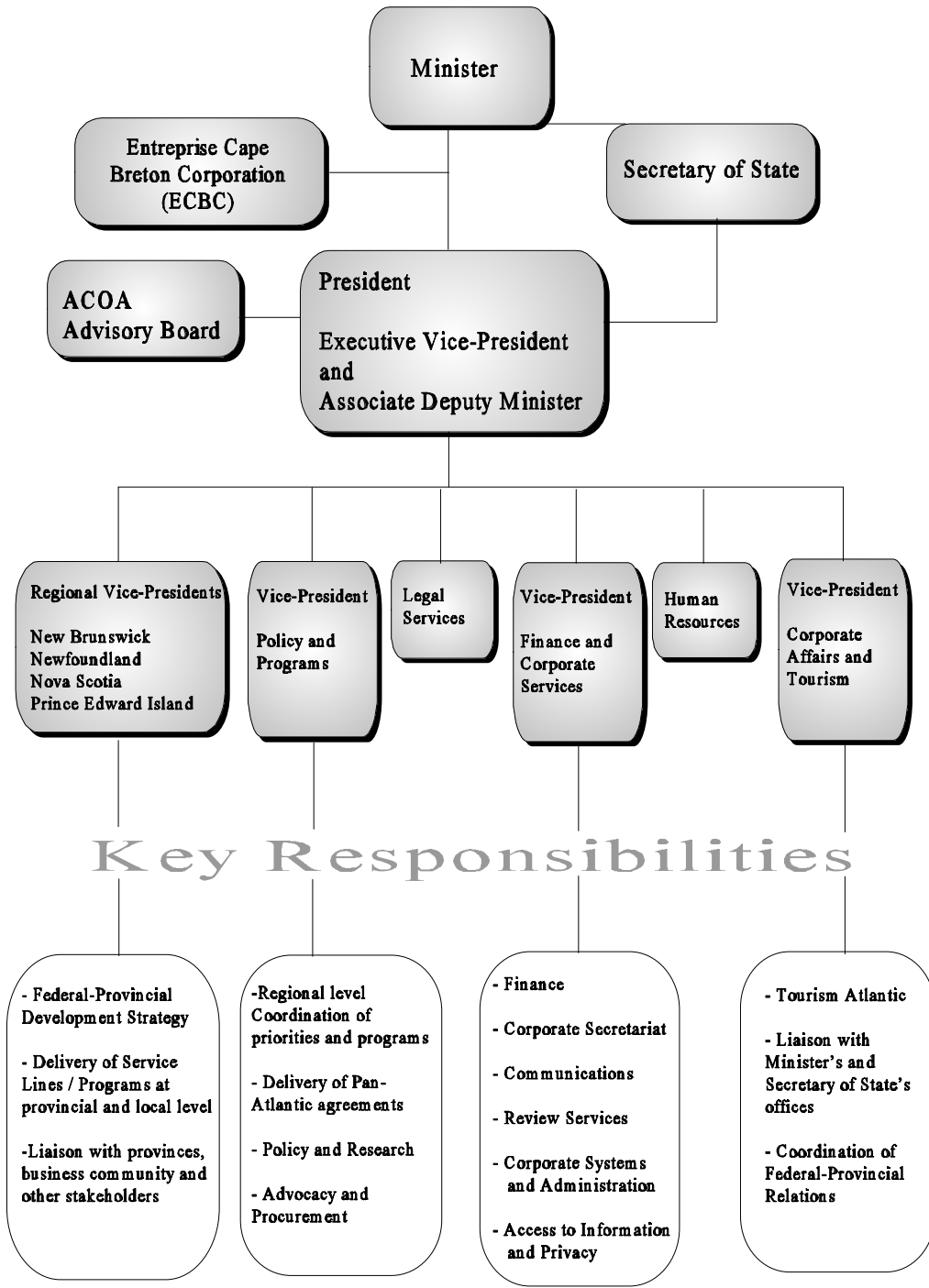


Table 3: Planned Full-Time Equivalents (FTEs) by Business Line

	Forecast 1998-99	Planned 1999-00	Planned 2000-01	Planned 2001-02
Business Lines				
Development	294.0	290.0	290.0	290.0
Corporate Administration	100.0	100.0	100.0	100.0
Total	394.0	390.0	390.0	390.0

Table 4: Agency Summary of Standard Objects of Expenditure

(millions of dollars)	Forecast Spending 1998-99	Planned Spending 1999-00	Planned Spending 2000-01	Planned Spending 2001-02
<u>Personnel</u>				
Salaries and wages	24.6	21.5	21.5	20.6
Contributions to employee benefit plans	4.3	4.3	4.3	4.1
	28.9	25.8	25.8	24.7
<u>Goods and services</u>				
Transportation	5.0	3.8	3.8	3.8
Information	1.8	1.9	1.9	1.9
Professional and special services	12.6	10.9	10.9	10.4
Rentals	0.9	0.8	0.8	0.8
Purchased repair and maintenance	0.7	1.0	1.0	1.0
Utilities, materials and supplies	1.3	1.3	1.3	1.3
Construction and/or acquisition of machinery and equipment	1.4	1.7	1.6	1.7
Other subsidies and payments	0.8	1.4	1.4	1.4
	24.5	22.8	22.7	22.3
<u>Transfer payments</u>				
Voted	297.5	275.4	246.1	217.5
Statutory	12.6	8.0	7.0	5.0
	310.1	283.4	253.1	222.5
Total	363.5	332.0	301.6	269.5

Table 5: Program Resources by Program(s) and Business Line(s) for the Estimates Year

(\$ millions)	Budgetary			Non-Budgetary		Gross Planned Spending	Less: Revenue Credited to the Vote	Net Planned Spending
	FTE	Operating	Transfer Payments	Planned Spending	Plus: LIAs			
<u>Development</u>								
<i>Core Programming</i>								
Business Development Program		13.8	112.3			126.1		126.1
ACF Equity Atlantic			3.0			3.0		3.0
Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>			7.0			7.0		7.0
Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>			1.0			1.0		1.0
Sub-Total		13.8	123.3	0.0		137.1	0.0	137.1
Federal - Provincial COOPERATION Program		7.3	60.1	22.5		89.9		89.9
Community Futures		0.8	8.8			9.6		9.6
Advocacy and Coordination		4.0				4.0		4.0
<i>Total Core Programming</i>		25.9	192.2	22.5		240.6	0.0	240.6
<i>Non-Core Programming</i>								
Adjustment Programs		2.0	37.6	29.5		69.1		69.1
Canada Infrastructure Works Program			1.6			1.6		1.6
Program Administration		9.3				9.3		9.3
<i>Total Non-Core Programming</i>		11.3	39.2	29.5		80.0	0.0	80.0
<u>Total Development</u>	290	37.2	231.4	52.0		320.6	0.0	320.6
<u>Corporate Administration</u>	100	11.4				11.4		11.4
Total Agency	390	48.6	231.4	52.0	0.00	332.0	0.0	332.0

Table 6: Details of Transfer Payments by Business Line

(millions of dollars)	Forecast Spending 1998-99	Planned Spending 1999-00	Planned Spending 2000-01	Planned Spending 2001-02
<u>Development</u>				
<i>Core Programming</i>				
Business Development Program				
Grants	1.0	2.0	2.0	2.0
Contributions	135.6	110.3	110.3	110.3
Sub-Total	136.6	112.3	112.3	112.3
Grant to ACF Equity Atlantic		3.0	3.0	
Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	12.0	7.0	6.0	4.0
Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	0.6	1.0	1.0	1.0
Sub-Total	149.2	123.3	122.3	117.3
Federal - Provincial COOPERATION Program	86.4	82.6	78.8	68.2
Community Futures Program	9.7	8.8	8.6	8.6
Total Core Programming	245.3	214.7	209.7	194.1
<i>Non-Core Programming</i>				
Adjustment Programs	41.7	67.1	43.4	28.4
Canada Infrastructure Works Program	22.8	1.6		
Total Non-Core Programming	64.5	68.7	43.4	28.4
Total Transfer Payments	309.8	283.4	253.1	222.5

Table 7: Revenue by Program

(millions of dollars)	Forecast Revenue 1998-99	Planned Revenue 1999-00	Planned Revenue 2000-01	Planned Revenue 2001-02
Revenue Credited to the Consolidated Revenue Fund (CRF)	34.0	38.0	38.0	38.0
Total	34.0	38.0	38.0	38.0

Table 8: Net Cost of Program(s) for the Estimates Year

(millions of dollars)	Atlantic Canada Opportunities Agency
Gross Planned Spending	332.0
Plus :	
<i>Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	1.6
Contributions covering employees' share of employees' insurance premiums and costs paid by TBS	1.2
Total Cost of Program(s)	334.8
Less:	
Revenue Credited to the Vote	
Revenue Credited to the CRF	38.0
Total Revenue	38.0
1999-2000 Estimated Net Program Cost	296.8

SECTION V - FURTHER INFORMATION

1. ACOA Website:

<http://www.acoa.ca>

2. Publications

The following publications contain additional information on ACOA programs:

Program Brochures:

- **Business Development Program (BDP)**
- **BDP Information Sheets:**
 - **Business start-ups, expansions and modernizations**
 - **Developing Your Innovative Ideas**
 - **Improving Your Competitiveness**
 - **Non-Commercial Projects**
- **Canada/Atlantic Provinces COOPERATION Agreement on International Business Development**
- **Trade - Atlantic Canada: Opportunities**
- **Profit From R & D Partnerships With Israel**
- **ACOA and Community Business Development Corporations**

Other publications:

- **ACOA Annual Reports (1989-90, 1990-91, 1991-92)**
- **Five-Year Report to Parliament (1988-1993, 1993-1998)**

- **The Implementation of an Entrepreneurship Development Strategy in Canada - The Case of the Atlantic Region (Organization for Economic Cooperation and Development/ACOA)**
- **Performance Report to Parliament (1996-1997, 1997-1998)**
- **Opportunities for Sustainable Development - Encouraging Environmental Efficiency and Innovation (December 1997)**
- **The State of Small Business and Entrepreneurship in Atlantic Canada (1996 & 1998)**
- **Impact - Profiling Smart Business in Atlantic Canada**
- **From Ideas to Business Opportunities**
- **Summary Report of the Characteristics and Needs of Young Entrepreneurs and Young Persons Wanting to Become Entrepreneurs in Atlantic Canada**
- **Profiles of Student Entrepreneurs in Atlantic Canada**
- **The Dream Catchers - Profiles of Entrepreneurial Opportunity and Success**
- **Opportunity Trails: An Atlantic-Wide Connection**

Studies:

- **Atlantic Canada: Facing the Challenge of Change (A Study of the Atlantic Economy)**
- **Overview of ACOA Approach and Support to SMEs since 1993**
- **Atlantic Canada and the 50 States: A Development Comparison (NAPG - June 1996)**
- **Atlantic Canada and the World: A Development Comparison (NAPG - June 1996)**

- **Atlantic Canada Human Development Index Study (Informetrica - March 1996)**
- **A Comparison of 1996 Business Costs in Atlantic Canada and the United States (KPMG - April 1996)**
- **Opportunities for Biotechnology-Based Business in Atlantic Canada (January 1997)**
- **Methods used by Leading Nations to Engender Best Management Practices (ATI)**
- **Atlantic Canada and the Future: Trends, Challenges and Opportunities (September 1997)**
- **The Atlantic Canada Advantage - A comparison of Business Costs in Atlantic Canada, Europe and the United States (KPMG October 1997)**
- **Review of Assumptions and Process of ACOA Job Creation and Unemployment Rate Estimates (PricewaterhouseCoopers, September 1998)**
- **Partnership in Community Economic Development: The Example of Greater Moncton (Mandale and Chiasson, March 1998)**
- **Comparative Perspectives on Regional Development (March 1998)**
- **Productivity: Key to Economic Success (March 1998)**
- **Natural Gas Utilization Study: Offshore Newfoundland - 1998**

These publications are available upon request from:

**Communications Branch
 ACOA Head Office
 Blue Cross Centre
 644 Main Street
 P.O. Box 6051
 Moncton, New Brunswick
 E1C 9J8
 1-800-561-7862 (Toll-Free)
 (506) 851-2271 (General)
 (506) 851-7403 (Fax)**

3. List of Offices

a. Atlantic Canada Opportunities Agency

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644 Main Street

Moncton, New Brunswick

E1C 9J8

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(506) 851-7403 (Fax)

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P.O. Box 578

570 Queen Street, 3rd Floor

Fredericton, New Brunswick

E3B 5A6

(506) 452-3184 (General)

(506) 452-3285 (Fax)

ACOA Newfoundland

John Cabot Building, 11th Floor

P.O. Box 1060, Station "C"

10 Barter's Hill

St. John's, Newfoundland

A1C 5M5

(709) 772-2751 (General)

(709) 772-2712 (Fax)

ACOA Nova Scotia

Suite 600, 1801 Hollis Street

P.O. Box 2284, Station "M"

Halifax, Nova Scotia

B3J 3C8

(902) 426-6743 (General)

(902) 426-2054 (Fax)

ACOA Prince Edward Island

P.O. Box 40

100 Sydney Street

Room 325, 3rd Floor

Charlottetown, Prince Edward Island

C1A 7K2

(902) 566-7492 (General)

(902) 566-7098 (Fax)

ACOA Ottawa

P.O. Box 1667, Station "B"

60 Queen Street, 4th Floor

Ottawa, Ontario

K1P 5R5

(613) 954-2422 (General)

(613) 954-0429 (Fax)

**Corporate Affairs and Tourism
Suite 610, National Bank Tower
134 Kent Street
P.O. Box 2740
Charlottetown, Prince Edward Island
C1A 8R8**

**(902) 368-0840 (General)
(902) 368-0896 (Fax)**

b. Enterprise Cape Breton Corporation

**Enterprise Cape Breton Corporation
P.O. Box 1750
4th Floor, Commerce Tower
15 Dorchester Street
Sydney, Nova Scotia
B1P 6T7**

**(902) 564-3600 (General)
(902) 564-3825 (Fax)**

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