

Atlantic Canada Opportunities Agency



Performance Report

**For the
Period ending
March 31, 2001**

Minister of Industry

Table of Contents

| | |
|--|-----------|
| Executive Summary | i |
| Section I - Messages | 1 |
| 1. Minister's Portfolio Message | 1 |
| 2. Minister of State's Message | 3 |
| Section II - Agency Context | 5 |
| A. Societal Context | 5 |
| 1. Objective | 5 |
| 2. Strategic Priorities | 5 |
| B. Key Co-delivery Partners | 8 |
| C. Chart of Key Commitments | 9 |
| Section III - Performance Accomplishments | 11 |
| A. Achievements in Economic Development | 11 |
| B. Performance in the Development Business Line | 14 |
| 1) Improved growth and competitiveness of Atlantic small- and medium-sized enterprises, leading to increased productivity, earned incomes and job creation | 14 |
| A. Access to Capital and Information | 14 |
| B. Entrepreneurship and Business Skills Development | 16 |
| C. Trade & Investment | 21 |
| D. Tourism | 24 |
| E. Innovation | 27 |
| 2) Economic Opportunities for rural Atlantic Canada through Community Economic Development | 30 |
| F. Community Economic Development | 30 |
| 3) Greater economic activity in Atlantic Canada through national policies sensitive to the needs of the region | 35 |
| G. Policy, Advocacy and Coordination | 35 |
| C. Performance in the Corporate Administration Business Line | 40 |
| H. Corporate Administration | 40 |
| Annex A | |
| Consolidated Reporting | 43 |
| A. ACOA's Sustainable Development Strategy | 43 |
| B. Section 41 of the Official Language Act | 44 |
| C. ACOA's Commitment to Service Quality | 45 |

Annex B

| | |
|-----------------------------|----|
| Financial Information | 47 |
| Financial Table 1 | 47 |
| Financial Table 2 | 48 |
| Financial Table 3 | 49 |
| Financial Table 5 | 50 |
| Financial Table 6 | 51 |
| Financial Table 7 | 52 |
| Financial Table 8 | 53 |

Annex C

| | |
|---|----|
| Departmental Overview | 55 |
| 1. Mandate and Mission | 55 |
| 2. Operating Environment | 56 |
| a. Position within the Government | 56 |
| 3. Departmental Organization | 56 |
| a. Activity Structure | 56 |
| b. Organization Structure | 57 |

Annex D

| | |
|--|----|
| Comparisons Between ACOA Assisted and Unassisted Firms | 59 |
| 1. The Data | 59 |
| 2. The Productivity Measure | 59 |

Annex E

| | |
|---|----|
| Other Information | 61 |
| 1. Contacts for Further Information | 61 |
| 2. Legislation Administered by ACOA | 61 |
| 3. List of Statutory Reports and Other Agency Reports | 62 |
| 4. List of Offices | 62 |
| 5. Abbreviations and Acronyms | 64 |

Executive Summary

In 2000-2001, ACOA marked its fourteenth year of working in cooperation with Atlantic Canadians to increase economic development opportunities for the region.

ACOA's primary contribution to the government priority of building a world-leading economy is made through efforts in creating opportunities through Innovation, Skills and Learning, and Trade and Investment. ACOA's success in this regard is strongly reflected by the performance of small- and medium-sized enterprises (SMEs) assisted by the Agency.

For example, over the period 1993-1997 ACOA client firms have consistently outperformed Atlantic firms in productivity growth. In the manufacturing sector, which is the focus of ACOA programming, productivity growth increased by 26.2% compared to 11.6% for unassisted Atlantic firms. In addition, growth in the number of exporters in this sector exceeded the growth for unassisted Atlantic firms by 125%. Similarly, during the same time frames, the productivity growth rate of innovation assisted firms was more than three times the growth rate for unassisted firms in Atlantic Canada. These kinds of impacts have helped contribute to the creation or maintenance of 11,300 jobs in Fiscal Year 2000-2001.

ACOA had three broad goals in Fiscal Year 2000-2001:

- ▶ improved growth and competitiveness of Atlantic SMEs;
- ▶ increased economic opportunities for rural Atlantic Canada; and,
- ▶ greater economic activity through national policies sensitive to the needs of the region.

The achievement of these three broad goals was pursued largely within the context of ACOA's strategic priorities:

- ▶ access to capital and information;
- ▶ entrepreneurship and business skills development;
- ▶ trade, tourism and investment;
- ▶ innovation;
- ▶ community economic development; and,
- ▶ policy, advocacy and coordination;.

This Performance Report lays out ACOA's key commitments in each strategic priority, summarizes performance accomplishments and relates the core financial data to the Agency's activities. This Report is available on ACOA's website:

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

Section I - Messages

Minister's Portfolio Message

The Government of Canada is committed to making Canada a world leader in the global knowledge-based economy of the 21st century. To meet this goal, the government has set out a very bold vision: to have Canada recognized as one of the most innovative countries in the world.

Why this emphasis on innovation? Innovation is one of the most powerful sources of competitive advantage in modern economies. It fuels productivity and economic growth and that translates into greater prosperity and a better quality of life for all Canadians. Our ability to acquire, adapt, and advance knowledge will determine how well Canadian businesses and Canada as a nation innovate, and in turn, how well Canada competes in the global arena.

Promoting innovation, research and development is a cornerstone of our government's agenda, and we have made progress. Canadian businesses have boosted their research and development (R&D) spending at the second fastest rate among G-7 countries. We have the fastest rate of growth in R&D jobs. And the government is committed to doubling its R&D investments and catapulting Canada into the ranks of the top five countries in the world for research and development performance by 2010.

When it comes to embracing the Internet revolution, or what has come to be known as connectivity, Canada's record is the envy of the world. Our country is one of the most connected countries in the world. We connected all of our schools and libraries to the Internet over two years ago. We have the highest percentage of our population on-line of any country in the world. Furthermore, the National Broadband Task Force has advised the government on

The Industry Portfolio is ...

Atlantic Canada Opportunities Agency
Business Development Bank of Canada*
Canada Economic Development for Quebec Regions
Canadian Space Agency
Canadian Tourism Commission*
Competition Tribunal
Copyright Board Canada
Enterprise Cape Breton Corporation*
Industry Canada
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 Performance Reports*

how Canadians together can achieve the critical goal of making broadband access widely available to citizens, businesses, public institutions and to all communities in Canada by 2004.

As Minister of Industry, I am responsible for the Industry Portfolio, which consists of fifteen departments and agencies that play a key role in delivering on the government's agenda. With over 40 percent of federal government spending on science and technology, and a wide range of complementary programs to help businesses both large and small thrive and prosper, the Industry Portfolio has a national reach, regional depth and community presence across the country.

I am pleased to present this Performance Report for the ACOA, which shows its contribution, during 2000-2001, to the government's agenda. The performance of small- and medium-sized businesses assisted by ACOA is concrete evidence of the Agency's contribution to the government's priority of building a world-leading economy. Across all industries, ACOA clients have consistently out-performed non-ACOA assisted firms in the region in productivity growth (15.7% versus 10.5%). In the manufacturing sector, there is a far greater number of exporters among ACOA-assisted firms and ACOA's innovation clients have experienced three times the productivity growth of unassisted firms. ACOA has helped to: enhance opportunities for entrepreneurship among young people; increase economic returns for the region's tourism industry; and improve access to capital and business information in rural communities. The recently launched Atlantic Investment Partnership builds on these successes and further supports the productivity growth and competitiveness of Atlantic businesses.

The government's strategy has been to strengthen Canada's capacity for innovation by investing in research and knowledge, and by fostering a nation of highly skilled people. We are assisting all Canadians with life-long access to the tools and skills they need for success. We are laying the foundation of a state-of the-art research environment in which our best and brightest can make their ground-breaking discoveries right here at home. And we are working with our researchers and entrepreneurs to make sure that Canada is the place where new products and processes get to market first and fastest.

The Honourable Brian Tobin

Minister of State's Message

The Atlantic Canada Opportunities Agency (ACOA) works in partnership with the people of Atlantic Canada to build a stronger economy in the region. ACOA's goals are to encourage long-term sustainable economic development and the growth of earned incomes and quality, new jobs in the region.

ACOA works to improve the overall climate for business growth and ensures a wide variety of business development tools and resources are available to assist the start-up and growth of small- and medium-sized businesses in the region. ACOA takes a leadership role in the coordination of economic development policy, programs and activities throughout the region, and advocates the interests of Atlantic Canada at the national level.

I am pleased to say that this report, which is a review of ACOA's objectives, activities and results achieved, demonstrates that the objectives set by the Agency were met or exceeded in nearly all cases.

One of the most recent and critical initiatives undertaken by ACOA was the development of the \$700-million Atlantic Investment Partnership (AIP), which was officially launched on June 2001 after extensive research, policy development, and consultations with stakeholders. The AIP is an exciting new tool designed to help Atlantic Canadians innovate and compete in the knowledge-based economy. It is a balanced mix of strategic investments by the Government of Canada that builds on ACOA's past work in the areas of innovation, trade and investment, entrepreneurship and business skills development, and community economic development.

There are many examples captured in this report of ACOA's impact on various aspects of the Atlantic economy over the past year, such as:

- over the last year, over 300 potential and 250 existing exporters in the region took part in ACOA-sponsored trade training;
- 80 companies in Atlantic Canada became new exporters.

ACOA is a partner with the tourism industry and the four provincial governments in a collaborative initiative that markets Atlantic Canada. In fiscal year 2000-2001, the marketing campaign generated \$8.95 for every dollar invested and resulted in an economic impact of \$18.8 million on the region. The Agency also worked to support the establishment of more than 30 new research and development and/or technology commercialization partnerships.

ACOA supported the operations of the network of Open for Business centres, which contributed to 165 new business start-ups by young people and created 290 full- and part-time jobs in Nova Scotia.

The Community Business Development Corporations, which partner with ACOA to provide access to capital and business counselling at the community level, issued over 1,100 loans totalling \$29 million for business establishments and expansions which are expected to create more than 2,400 jobs. Through its procurement network, the Agency worked with Atlantic suppliers to identify opportunities to bid on major Government of Canada projects, resulting in a total of \$167 million in industrial and regional benefits to Atlantic Canada over the last fiscal year.

These are just a few examples of how ACOA programming has helped create and maintain thousands of jobs, and helped small- and medium-sized businesses throughout the region start-up, survive and prosper.

As Minister of State for ACOA, I will ensure that the Agency continues to work closely with its partners – businesses, provincial governments, local communities, the research and academic communities – to provide Atlantic Canadians with the tools necessary to help them compete in the economy of the 21st century.

The Honourable Robert G. Thibault
Minister of State
Atlantic Canada Opportunities Agency

Section II - Agency Context



Societal Context

1. Objective

The objective of the Atlantic Canada Opportunities Agency is to support and promote new opportunities for economic development in Atlantic Canada, with particular emphasis on small- and medium-sized enterprises (SMEs), through policy, program and project development and implementation and through advocating the interests of Atlantic Canada in national economic policy, program and project development and implementation.

2. Strategic Priorities

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

Strategic Priorities: ¹

- Access to Capital and Information
- Entrepreneurship and Business Skills Development
- Trade, Tourism and Investment
- Innovation
- Community Economic Development
- Policy, Advocacy and Coordination

Programs:

- Business Development
- COOPERATION
- Canada Business Service Centres
- Adjustment Programs
- Community Futures
- Atlantic Investment Partnership ²
- Infrastructure Canada

Strategic Priorities are linked to clients through the Agency programs listed above:

¹ Further information on the Agency's strategic priorities and programs may be found in the 2000-2001 Report on Plans and Priorities and on the Agency's website at www.acoa-apeco.gc.ca

² The Atlantic Investment Partnership is a new program which became operational in June, 2001. In addition, Infrastructure Canada (the municipal component of the Canada Infrastructure Program) was announced on June 13, 2000.

Description of Strategic Priorities

Access to Capital and Information:

To provide greater access to capital and information for SMEs; to address gaps in those financing areas traditional lenders consider higher risk, with a focus on strategic sectors and most affected groups (e.g., youth and Aboriginal peoples).

Entrepreneurship and Business Skills Development:

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

Trade, Tourism and Investment:

To increase the number of new exporters and increase sales of existing exporters; to increase foreign investment in the region; to support the tourism industry to increase growth.

Innovation:

To strengthen the innovation performance of SMEs through development and commercialization of new technologies and growth of strategic sectors.

Community Economic Development:

To help communities plan and realize their own economic opportunities and ensure that ACOA activities address rural economic development priorities.

Policy, Advocacy and Coordination:

To provide a targeted program of policy research to improve the understanding of issues and build consensus; to advocate Atlantic interests in federal policy and contribute to coordination of government initiatives.

ACOA's objectives and strategic priorities reflect the goals and directions of the government as articulated in the January 2001 *Speech from the Throne*.



Government and Agency's Strategic Priorities



| Government of Canada's Priorities: | ACOA's Strategic Priorities/Projects: | Achievements Reported on Pages: |
|--|---|---------------------------------|
| Creating Opportunity Innovation | Innovation | 27-29 |
| Skills and Learning | Entrepreneurship and Business Skills Development | 16-20 |
| | Access to Capital and Information | 14-15 |
| Connecting Canadians | Government On-line | 38, 41 |
| Trade and Investment | Trade, Tourism and Investment | 21-26 |
| Sharing Opportunity A Clean Environment | Sustainable Development Strategy | 43-44 |
| Strong and Safe Communities | Community Economic Development | 30-34 |
| Celebrating our Canadian Citizenship | 2000-2002 Action Plan - Section 41 of the <i>Official Languages Act</i> | 44-45 |



B

Key Co-delivery Partners

Regional economic development is a long-term, multi-dimensional undertaking involving a wide variety of stakeholders.

In keeping with the Government of Canada’s commitment to be guided by the values of Canadians, ACOA’s approach continues to be based on partnerships.

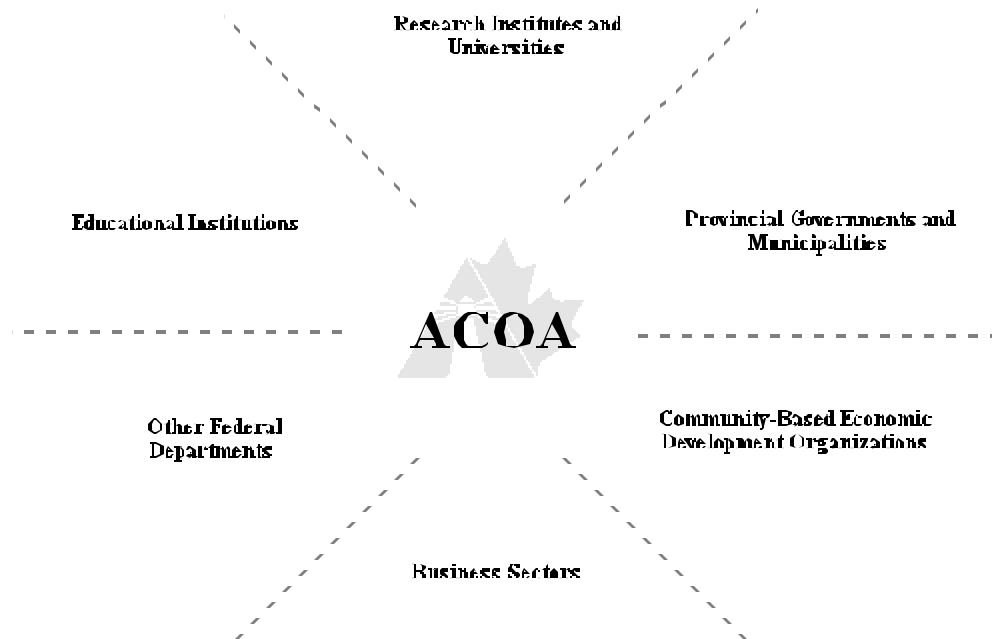




Chart of Key Commitments

| Strategic Outcomes | to be demonstrated by: | Strategic Priority |
|---|---|--|
| <p>Improved growth and competitiveness of Atlantic small- and medium-sized enterprises, leading to increased productivity, earned incomes and job creation.</p> <p>Resources: \$208.7 M</p> | <ul style="list-style-type: none"> • Employment and new business start-ups as a result of access to capital for Atlantic SMEs. <hr/> • Increased opportunities for people to learn the process of becoming an entrepreneur and starting a business through entrepreneurship education and training. • Participation in programs addressing the special entrepreneurship needs of groups such as Aboriginal peoples and youth. • Enhanced SME owner/operator management skills. <hr/> • Development and commercialization of new technologies; enhanced technology skills and growth of strategic sectors. <hr/> • More SMEs exporting; more export-ready SMEs; existing exporters selling more and to diversified markets. • Increased profitability, investment and wages in the tourism sector resulting from higher quality in-demand products that operate over longer seasons. • Increase in Foreign Direct Investment (FDI) in the Atlantic region. | <ul style="list-style-type: none"> • Access to Capital and Information <hr/> • Entrepreneurship and Business Skills Development <hr/> • Innovation <hr/> • Trade, Tourism and Investment |
| <p>Economic opportunities for rural Atlantic Canada through community economic development (CED).</p> <p>Resources: \$121.0 M</p> | <ul style="list-style-type: none"> • Support to rural communities in developing and implementing strategic and operational plans to create self-sustaining economically viable communities. • Expanded access to government business services (financing, counselling and information). • Increased number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations (CBDCs). • Communities' self-development and alternative employment in areas affected by the closure of the Atlantic groundfish fishery. | <ul style="list-style-type: none"> • Community Economic Development. |
| <p>Greater economic activity in Atlantic Canada through national policies sensitive to the needs of the region.</p> <p>Resources: \$6.7 M</p> | <ul style="list-style-type: none"> • Coordinated action by key stakeholders on a contemporary policy framework for economic development resulting in productivity growth and improved competitiveness. • Active pursuit and promotion of Atlantic Canada's interests in respect of national policies, programs, issues and procurement. • Coordination of economic development activities and functions in Atlantic Canada. | <ul style="list-style-type: none"> • Policy, Advocacy and Coordination |
| <p>Total Resources \$336.4 M Resources are for key activities only and are based on 2001-2002 Estimates</p> | | |



Section III - Performance Accomplishments

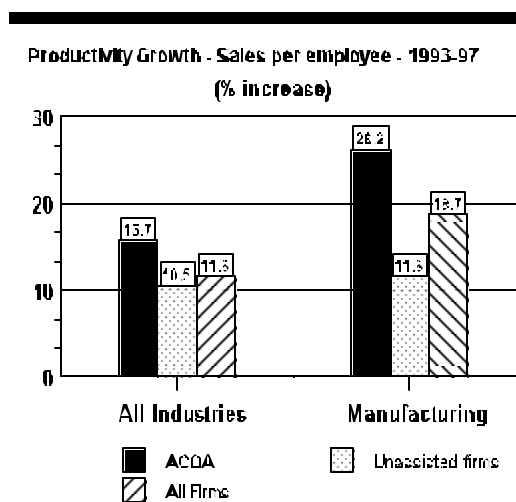


Achievements in Economic Development

The Atlantic economy registered good growth following the recession of the early 1990s and it is now shifting from a resource-based economy to one increasingly based on new, innovative technologies. In assisting the Atlantic region to meet the challenges of higher unemployment, lower overall productivity levels and lower per capita research and development expenditures, ACOA programming has contributed to growth in productivity, exporting and innovation.

During the 1993 to 1997 period, overall productivity growth in Atlantic Canada did not keep pace with national gains. Labour productivity for Atlantic Canada was at 84.3% of the national level in 1997, down from 87.1% in 1993. However, labour productivity gains in the region's manufacturing sector exceeded those for Canada over this period. As a result, productivity for the Atlantic region's manufacturing sector increased from 73.3% of the national level in 1993 to 75.9% in 1997.

The contribution of ACOA programming to these productivity growth rates can be seen by the fact that productivity growth over the 1993-1997 period for ACOA assisted firms exceeded that for unassisted firms both on an all industry basis, (15.7% versus 10.5%) and for the crucial manufacturing sector, (26.2% versus 11.6%).¹ Comparing the productivity growth of all firms to unassisted firms, an indication of the contribution of ACOA programming to productivity growth is that the growth rate of all firms was 10% greater than unassisted firms.



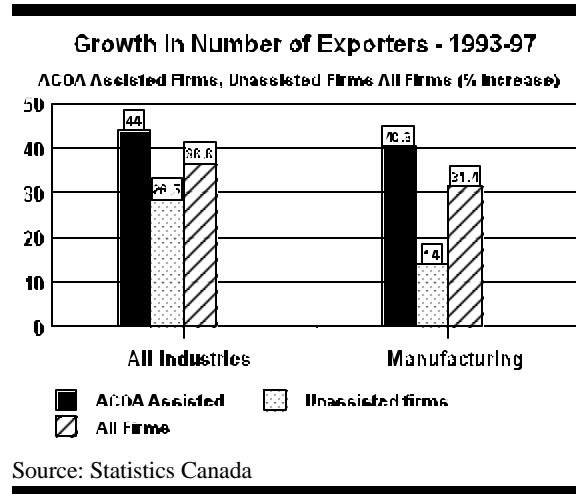
Source: Statistics Canada

¹ Appendix D discusses the data and techniques used in the comparisons.

In the manufacturing sector, which is the focus of ACOA programming, the productivity growth rate was 60% higher for all firms as compared to unassisted firms.

The total value of exports from the Atlantic region increased by 54.4% between 1993 and 1997, comparable to the growth of 58.1% for Canada as a whole. However, this performance is due to the success of existing exporters in increasing sales as the growth in the number of Atlantic exporters did not match the growth in Canada as a whole.

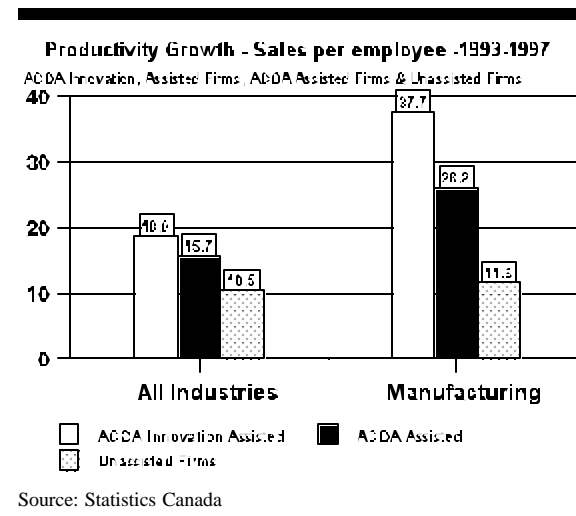
However, without ACOA programming, the growth in the number of exporters in Atlantic Canada would have been lower still. The growth in the number of exporters on an all firms basis compared to the growth on an unassisted firm basis provides an indication of ACOA's contribution. On an all firms basis, the growth in the number of exporters exceeded the growth for unassisted firms by almost 30% on an all industry basis, and by 125% in the manufacturing sector.



Growth in the knowledge-based economy depends on a strong and integrated innovation system. It is through the development of new, innovative products and processes that an economy can increase productivity and expand its export base. Increased levels of innovation support the development of a more competitive economy that can generate greater employment and income growth.

ACOA's efforts to support innovation by Atlantic SMEs has paid off. Productivity growth for firms assisted to undertake innovation has exceeded that for unassisted firms. In the manufacturing sector, which accounts for close to half of ACOA's innovation clients, the productivity growth rate of innovation assisted firms is more than three times the growth rate for unassisted firms.

The importance of support for innovation can be further seen by the fact that the productivity growth for clients assisted for innovation also exceeds that of ACOA clients generally.



The Atlantic Investment Partnership (AIP) will build on the success of ACOA programs by extending further support to productivity and competitiveness. This five-year, \$700 million initiative features a balanced mix of strategic investments and initiatives to help Atlantic Canada innovate and compete in the global, knowledge-based economy. The AIP clearly identifies priorities in innovation, community economic development, entrepreneurship and trade and investment.

The \$135 million Strategic Community Investment Fund (SCIF) component of the AIP will focus on rural communities and will support strategic initiatives that help communities adopt new technologies; improve the competitiveness of their industrial base; and develop selective infrastructure that communities have identified as being critical to their economic development.

The trade component of the AIP aims to strengthen the export performance of the Atlantic region by enhancing the capabilities of SMEs to establish and expand export activity. Foreign investment is a major contributor to improved productivity and the AIP will fund the implementation of a new foreign investment strategy. A major objective of the Entrepreneurship and Business Skills Development component is to improve the innovation and technical competencies of Atlantic SMEs.

The Atlantic Innovation Fund (AIF), a \$300 million component of the AIP, has as a goal to increase the region's capacity to carry out leading-edge research and development and contribute to the development of new technology-based economic activities. To complement the AIP, the Business Development Program has been modified to allow more financial support for the risks associated with innovation and for acquiring knowledge-based and leading edge technologies, and to provide more financial support to SMEs for the risks involved in export development. More information on the AIP is contained on ACOA's website at www.acoa-apec.ca.



1) *Improved growth and competitiveness of Atlantic small- and medium-sized enterprises, leading to increased productivity, earned incomes and job creation.*

A. Access to Capital and Information

Aim

Employment and new business start-ups as a result of Access to Capital and Information for Atlantic SMEs

Expectation:

- ▶ Assist approximately 1,000 Atlantic SMEs to help them create or maintain jobs
- ▶ Expand Consulting Advisory Services
- ▶ Examine and promote venture capital options

Results:

- *93% of target achieved*
- *Target achieved*
- *Target achieved*

Accomplishments

During the 2000-2001 fiscal year, 933 SMEs received assistance under the Business Development Program (BDP) for a total of \$123.7 million in authorized assistance.² Of these, 110 were new businesses.

It is expected that this support to SMEs will result in the creation and maintenance of over 6,400 jobs. This estimate includes only jobs associated with incremental

² This figure includes 307 projects from not-for-profit organizations such as community development groups and industry associations to provide services to commercial SMEs to help them improve competitiveness and employment. The Agency recently concluded during fiscal year 2000-2001 that a more appropriate benchmark would be the number of commercial SMEs. Accordingly this target was reduced to 800 in the Agency's Report on Plans and Priorities for 2001-2002.

projects.³ Also, the figure includes indirect and induced employment resulting from the spending of assisted companies and their employees. These impacts have been estimated using the Conference Board of Canada's model of the Atlantic economy.

Commercial assistance is repayable over an average repayment term of five to seven years. Total outstanding repayable contributions were \$371.5 million as of March 31, 2001. From inception of the Program in 1995 until March 31, 2001, the Agency collected \$78.2 million of repayable contributions.

ACOA's Consulting Advisory Services expenditures increased by 35%, climbing to \$2.47 million with increases in all Provinces. While the emphasis remains on business plan preparation, there was a noticeable increase in other areas consistent with ACOA's priorities. ACOA contributed to more projects in the areas of innovation and export for example, providing export mentoring support to new companies.

Preliminary results from an ongoing review of five venture capital funds that have been supported by ACOA are encouraging.⁴ ACOA committed a total of about \$14 million to the funds, which includes contributions towards operating costs. Two of the funds have been particularly active, mostly in technology based companies. Capital in the funds comes from a mixture of ACOA and other public and private sector sources. The total amount invested by the funds is about \$17 million, and ACOA's contribution to these investments is about \$5.3 million. Other capital has been leveraged by these fund investments. The biggest fund, ACF Equity Atlantic, has reported almost \$3.00 leveraged for each dollar of its own investment. A survey of the funds' active portfolios (excluding write-offs) has revealed a total incremental employment impact of approximately 350 jobs. Average sales per company increased from \$215,000 at the time of the investment to more than \$1 million in 2001. The survey also revealed that 65% of companies met their objectives in large part due to venture capital. None reported that venture capital had no impact in enabling them to meet their objectives.

³ The Auditor General, in his report dated November 1995, Chapter 18, defines an incremental project as one which would likely "not have proceeded with the same scope, at the same time and in the same location without government assistance". Independently conducted surveys of clients by Statistics Canada found that 95% of projects could not have proceeded as planned. A follow-up survey by ACOA of viable projects refused for support revealed that 91% did not go ahead as planned. The Auditor General's 1995 comprehensive audit of ACOA determined that 81% of cases did not have sufficient means to raise the necessary funds for the proposed project. For the purposes of assessing impact, the Agency used a conservative incrementality factor of 67%, meaning that for every 100 jobs generated by assisted projects, only 67 are actually reported.

⁴ Canmac Economics Ltd, *Venture Capital Firms Report*, July, 2001.

B. Entrepreneurship and Business Skills Development

Aim

Increased opportunities for people to learn the process of becoming an entrepreneur and starting a business through entrepreneurship education.

Expectation:

- ▶ increased opportunity for the majority of school students to be exposed to entrepreneurship/enterprise curriculum
- ▶ increased “intent to start a business someday” among grade 12 students (by 2002-2003)

Results:

- *Target met*
- *Good progress with “intent” at very high levels*

Accomplishments

ACOA continues to support a number of initiatives designed to expose students in the secondary and post-secondary education systems to entrepreneurship. For example, as mentioned in last year’s Performance Report, the provincial departments of Education estimated initiatives supported by ACOA exposed more than half of the total public school population to the world of business in the classroom.

As well, with ACOA’s support, Atlantic Canadian colleges are fostering job creation and wealth through entrepreneurship. ACOA supported the training of 165 community college instructors during 2000-2001 in entrepreneurial education and practices. A community-based business plan competition for college students which operated in seven, primarily rural, communities, also received assistance from the Agency.

Through the Entrepreneurial Skills Program, launched at Dalhousie University and the University College of Cape Breton, and programming offered by the network of Nova Scotia University Business Development Centres, over 500 university students were provided with opportunities to enhance their entrepreneurial skills. ACOA provided \$90,000 in funding for the Entrepreneurial Skills Program.

Following on the positive outcome of a pilot project implemented during 1999-2000, the Regional Economic Development and Schools (REDAS) initiative in Newfoundland obtained ACOA support for 2000-2001. Interest in this program, which builds bridges between schools and community economic development, has spread to the other Atlantic Provinces and to other countries.

According to an independent evaluation of the pilot program, “whereas most schools involved were starting from a position of little or no interaction...an encouraging level of involvement with the community, business and Regional Economic Development Boards was noted”.⁵

For Tobias Gromley, a Grade 10 student from Northern Peninsula all-grade school, the REDAS aquaculture initiative at his school provided him with hope for the future. *“I had given up all hope for this place, but I’m encouraged by what I’ve learned in this program and perhaps I’ll start my own cod farm someday”.*

Research indicates that one in five young Atlantic Canadians is likely to start a business within two years⁶. ACOA will continue to nurture this interest and enhance opportunities for young people to develop their business skills.

⁵ William H. Spain, Ph. D., *Regional Economic Development and Schools: The Pilot Study Reports: Issues in Module Development*, March 2001.

⁶ Corporate Research Associates Inc, *Atlantic Omnibus Survey 2001*, May 2001.

Aim

Participation in programs addressing the special entrepreneurship needs of groups such as Aboriginal peoples and youth.

| Expectation: | Results: |
|---|--|
| ▶ enhanced awareness of entrepreneurship as a career option among young people (by 2002-2003) | • <i>On track. Research shows high levels of awareness of entrepreneurship as a career.</i> |
| ▶ 450 loans to young entrepreneurs over the period 2000-2001 | • <i>86% of target achieved "Young Entrepreneurs Connexion Seed Capital Program" provided \$4.5 million for 389 loans resulting in over 700 jobs, (adjusted for incrementality and indirect and induced job impact).</i> |
| ▶ increased number of young adults starting businesses | • <i>Long-term results positive. The percentage of young self-employed Atlantic Canadians has increased from 6.6% in 1989 to 7.2% in 1999.⁷</i> |

Accomplishments

Young Atlantic Canadians are very much aware of entrepreneurship as a viable career alternative. Research indicates that over half of these youth see themselves running their own businesses someday.⁸

ACOA undertook various activities to promote youth entrepreneurship among 15 to 29 year olds. Young entrepreneurs were featured in print as well as on television and radio as a result of this initiative. Related activities include a publication profiling young entrepreneurs, young entrepreneur vignettes on the CBC-TV series Street Cents, and young francophone entrepreneur vignettes for Radio Canada Atlantique-TV and community radio stations.

In relation to its commitment to host a forum for young entrepreneurs, ACOA supported "Spirit of Entrepreneurship", a conference that drew approximately 700 people. ACOA's assistance toward this major event totalled \$203,000.

The Newfoundland Youth Ventures Program, which seeks to develop entrepreneurial skills in the Provinces's youth by supporting summer enterprises initiated by students, expanded to 20 sites involving 390 youth. ACOA's financial assistance was \$290,500. An independent

⁷ Source: Labour Force Survey.

⁸ Corporate Research Associates Inc., *Study of Entrepreneurship Among Young Atlantic Canadians Aged 15-29 - 2001*.

evaluation concluded that: *“Support for the program was virtually unanimous. Without exception, all of the stakeholders who had direct involvement with the Youth Ventures Program felt the program was very worthwhile. The general conclusion is that the program is considered one of the most successful government programs to have been initiated in recent years”*.⁹

ACOA Nova Scotia supported the operations of the network of Open for Business Centres. These centres attracted 2,600 new clients, were involved in over 15,000 in-house client interactions, and involved over 35,000 participants in presentations, workshops, seminars, tours, etc. These activities helped contribute to 165 new business startups and to the creation of 290 full- and part-time jobs. ACOA assistance amounted to \$70,000.

In Nova Scotia, a procedure is now underway for the development of a mobile entrepreneurship unit to serve selected Aboriginal communities. It is expected that this initiative will be implemented in 2001-2002.

ACOA New Brunswick worked in directing and supporting the Microsoft Technician Training for Aboriginals held on Tobique Reserve. ACOA New Brunswick contributed \$102,500 in support of this initiative covering approximately 23% of the cost of the program. This effort to encourage economic development in Aboriginal communities resulted in the employment of 19 of 23 graduates in their technical area.

⁹ GHK Associates, *Evaluation of the Youth Ventures Program Final Report*, Oct. 2000.

Aim

Enhanced SME owner/operator management skills

| Expectation: | Results: |
|---|---|
| <ul style="list-style-type: none">▶ increased usage of management training products▶ increased awareness of the benefits of good management practices▶ enhanced coordination of skills development activities across the region, in partnership with provincial governments, industry associations and others | <ul style="list-style-type: none">• <i>On track</i>• <i>Positive results, as demonstrated by unexpectedly high demand for training workshops.</i>• <i>On track. A pan-Atlantic ACOA committee has been mandated to focus on development and coordination of business skills activities.</i> |

Accomplishments

An on-line Management Training Database, which provides information on training products and services and also includes a training needs, self-help diagnostic tool, has been successfully implemented in New Brunswick.

In New Brunswick, seven hundred firms took advantage of ACOA sponsored training sessions to enhance their business management skills. This represents a considerable increase from expected take-up of approximately 400 firms. In addition, E-commerce awareness sessions involving 500 participants and 13 communities were conducted in Prince Edward Island and Nova Scotia. ACOA provided a total of \$232,500 to these initiatives.

ACOA Newfoundland provided support to the Newfoundland and Labrador Organization for Women Entrepreneurs (NLOWE), which assisted over 300 women entrepreneurs, facilitated the start-up or growth of 100 businesses, and led to the creation of 136 jobs. ACOA's contribution was \$450,000.

*A user of NLOWE services voices her appreciation of this organization:
"NLOWE touches many women entrepreneurs throughout the province and has earned its place in regional economic development in Newfoundland and Labrador."
Sharon Kean, Bread Basket*

In Nova Scotia, ACOA supported the Network for Entrepreneurs with Disabilities (NEWD) to undertake chapter building, offer entrepreneurial workshops, establish monthly networking activities, operate an office of the Canada/Nova Scotia Business Service Centre, and provide advice, counselling, information and other services to over 300 clients.

C. Trade and Investment

Aim

More SMEs engaged in export activities (new exporters), more export-ready SMEs, existing exporters selling more and to a diversified set of markets.

Expectation:

Results:

| | |
|--|---|
| <ul style="list-style-type: none"> ▶ increased number of potential exporters committed to exporting and meeting basic export readiness (50 per year) ▶ increased number of new exporters (80 per year) ▶ existing exporters equipped with necessary information and skills (50 per year) ▶ existing exporters successfully securing new export markets (40 per year) | <ul style="list-style-type: none"> • <i>Target exceeded, 300 potential exporters</i> • <i>Target met</i> • <i>Target exceeded, 250 existing exporters</i> • <i>Target exceeded</i> <i>45 existing exporters established new markets</i> |
|--|---|

Accomplishments

Support under the Canada-Atlantic Provinces COOPERATION Agreement on International Business Development has enabled 37 companies to export into new markets. In addition, 20% of existing exporters and 48% of first-time exporters identified in the IBDA survey are exporting to the United States.¹⁰

Clients of the Business Development Program who are first-time exporters have also identified ACOA's key role in supporting their activities. A follow up on BDP clients identified in 1998 and 1999 as first-time exporters indicates that 82% of these clients are still successfully exporting after a period of three to four years.¹¹ Only about half of new Canadian exporters continue to export over a three to four year period.¹²

¹⁰ ACOA, *Survey of International Business Development Projects*, October 2000.

¹¹ ACOA, *Follow-up Survey of BDP Supported First-Time Exporters - Summer 2001*, August 2001.

¹² Statistics Canada, *A Profile of Canadian Exporters 1993-1997*, August 2000.

In the area of training, the Agency’s New Brunswick office organized over 76 one-on-one trade consultations and 10 trade awareness sessions for potential exporters. In Newfoundland, ACOA-sponsored export seminars were held in six locations across the region with over 100 potential exporters in attendance. Moreover, over 200 Export Programs and Services Information Kits were distributed to industry associations, zone boards, and field economic officers.

Two Team Canada missions to New England were organized. The May 2000 mission, which was led by the Prime Minister, was very successful with over 60 Atlantic companies in attendance. Over \$2.3 million in short-term sales were generated as a result of this initiative. Furthermore, a total of \$27.3 million in sales is expected within three years. The February 2001 mission to Boston, led by ACOA’s Minister, generated \$1.9 million in short-term sales with 37 companies participating.

In Nova Scotia, \$2.6 million in sales were generated as a result of a series of trade initiatives such as conferences and missions carried out under the Environmental Technologies Trade initiative. An ACOA organized Prince Edward Island contingent of boat builders to Fish Expo and Work Boat Atlantic in Rhode Island resulted in over \$400,000 in both immediate and estimated medium-term sales.

The Export Partnering Program, led by ACOA New Brunswick in partnership with three universities, other companies, and Industry Canada, seeks to promote the Atlantic region’s companies in the international marketplace and matches Bachelor’s or Master’s Degree level students with businesses in an effort to develop exports. This program provided companies with entry level marketing plans done in cooperation with students. The program began in September 2000 and ended with a trade mission to Boston in February 2001. ACOA provided funding of approximately \$100,000 toward the Boston trade mission portion of the program. Results were very encouraging with 11 of the 22 companies reporting that they either obtained new export markets or increased their sales in existing export markets. A total of 22 companies and 74 students participated in these activities.

| Aim | |
|---|-------------------|
| Increase in foreign direct investment (FDI) in the Atlantic region. | |
| Expectation: | Results: |
| ▶ corporate investment intelligence and leads. | • <i>On track</i> |
| ▶ increased Pan-Atlantic investment initiatives | • <i>On track</i> |

Accomplishments

The Agency, with Investment Partnership Canada and the Department of Foreign Affairs and International Trade, was a funding partner and participant in the \$6 million “Brand Canada” investment project. The project, which focussed on investment communities in Boston and Dallas, sought to develop an effective “Brand Canada” investment campaign for the United States by identifying the investors’ perceptions of Canada’s economy. A survey of over 135 companies, investment bankers and site selectors was completed in April 2001. The “Brand Canada” campaign is to be launched in the fall of 2001.

The Atlantic Investment Coordination Committee, whose membership includes provincial government officials responsible for investment promotion, organized a mission with the International Development Research Council (IDRC) in Orlando in January 2000 during which an Atlantic Canada reception for over 1,400 guests was hosted by ACOA and the Atlantic provinces. The IDRC conferences are known as being the largest investment conferences in the United States. Site selectors and corporate realtors were also in attendance. Meetings were held during the past fiscal year with some of the major states in the United States.

The Agency’s working relationship with Investment Partnership Canada permitted key investments in areas such as investment information and intelligence dissemination to the Agency’s provincial partners and facilitated the coordination of research, investment promotion and missions.

The Agency’s investment promotion activities were integrated within the Team Canada Atlantic trade missions to Boston and Atlanta during the past fiscal year. Over 200 companies and investment firms in the IT sector from the Southeastern United States participated in one of the activities during the mission to Atlanta in May 2001 and met with a delegation of over 20 firms from Atlantic Canada.

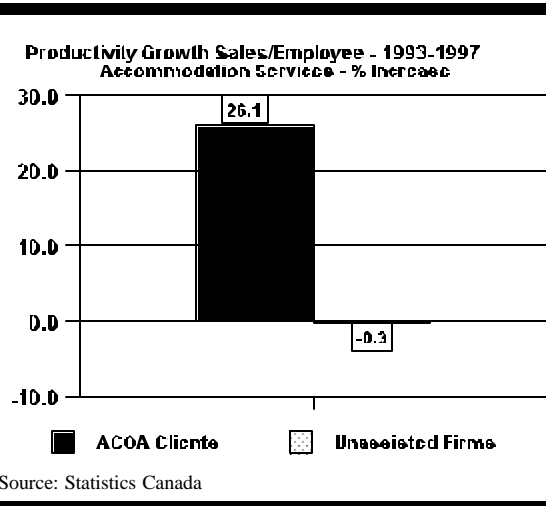
An Atlantic Familiarization Visit program for site selectors and media editors from the United States was established with the provincial governments. Program criteria and implementation guidelines were developed to encourage selected United States investment site selectors and investment media editors to visit the Atlantic area.

D. Tourism

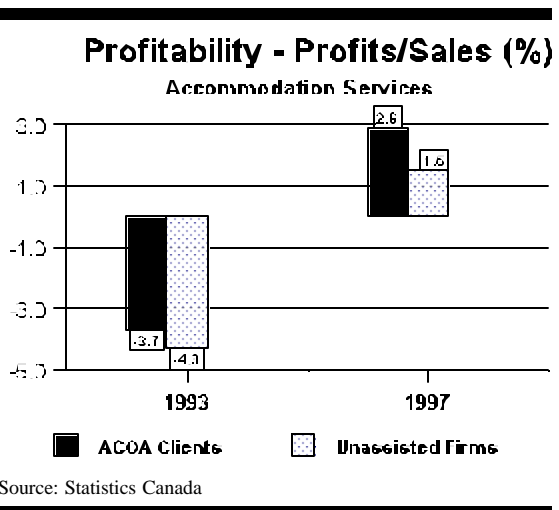
Aim

Increased profitability, investment and wages in the tourism sector.

ACOA's contribution to improved competitiveness can be seen by the fact that productivity in ACOA-assisted firms tends to outpace that of unassisted firms. From 1993 to 1997, sales per employee in the ACOA-assisted firms in the accommodation sector grew by 26.1%, as compared to a small decline of 0.3% for unassisted firms in Atlantic Canada.



The greater productivity growth of ACOA-assisted firms in comparison to unassisted firms, contributes to relatively greater profitability. This tendency was apparent during periods of slow economic growth in the early 1990s and more recently in 1997 when profits for ACOA-assisted firms in the accommodation sector were at 2.9% of sales versus 1.5% for unassisted firms.



| Expectation: | Results: |
|--|--|
| <ul style="list-style-type: none"> ▶ criteria developed for identifying high productivity tourism products | <ul style="list-style-type: none"> • <i>Target almost achieved</i> Criteria identified.¹³ Region wide federal/provincial consultations on policies accentuating the importance of investment in high productivity products and coordinated approaches to regional tourism development were undertaken. |
| <ul style="list-style-type: none"> ▶ criteria developed for identifying and ranking key attributes for sustainable tourism communities | <ul style="list-style-type: none"> • <i>Target almost achieved</i> Essential characteristics for sustainable tourism at the community level were identified.¹⁴ A best practice curriculum for model tourism communities was developed and pilot tested in the fall of 2000. The model was delivered to four communities in late 2000. The program hopes to attract between 20 and 30 communities over the next two to three years. Seven best practice missions were attended by 34 private sector and 13 destination marketing organizations. |
| <ul style="list-style-type: none"> ▶ improved best practice guidelines for sustainable tourism development at the community level | |
| <ul style="list-style-type: none"> ▶ more best practice missions and workshops with communities throughout Atlantic Canada to adopt the principles of best practices | |
| <ul style="list-style-type: none"> ▶ return On Investment (ROI) of \$10 per dollar of media campaign investment, and an economic impact of \$21 million from the 2000 consumer marketing campaign | <ul style="list-style-type: none"> • <i>Target almost achieved</i> Return on investment for the 2000 consumer media campaign was \$8.95 per dollar invested. Direct measurable economic impact was \$18.8 million. |

Accomplishments

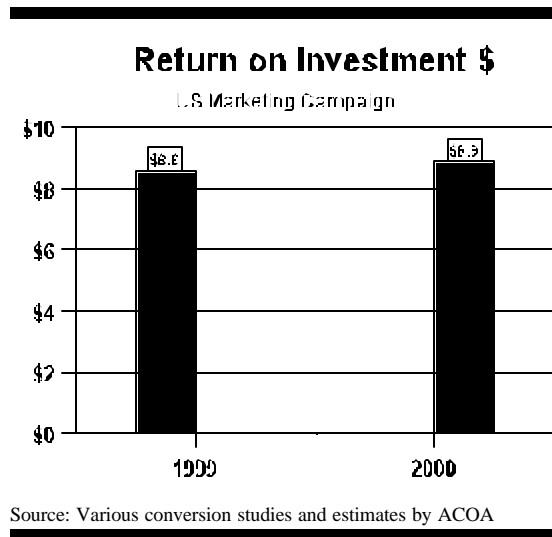
Pro-Motion 2000 was a joint initiative between the Atlantic Canada Tourism Partnership and the Canadian Tourism Commission in Atlantic Canada. Pro-Motion was designed to inform travel agents in targeted United States cities of the tourism products and experiences available in Atlantic Canada as well as to motivate them to promote this region as a viable tourism destination. The initiative was perceived as a new means of increasing awareness of and interests in Atlantic Canada's tourism products. In all, Pro-Motion 2000 was attended by 75 Atlantic Canadian tourism operators and 1,400 in-market travel agents. Pre and post event research revealed that travel agents attending Pro-Motion were more aware of and

¹³ Economic Planning Group of Canada, *Tourism Business Success Models*, April 2000.

¹⁴ Gardner Pinfold Consulting Economists Limited, *Best Practices for Sustainable Tourism Communities in Atlantic Canada*, April 2000.

likely to promote Atlantic Canada as a favourable tourism destination, than were travel agents not attending Pro-Motion 2000.¹⁵

In March of 2000 ACOA renewed its three-year Atlantic Canada Tourism Partnership (ACTP) with the four provincial tourism industry associations and provincial governments in Atlantic Canada. ACTP's 2000 consumer media campaigns continued to build on the brand equity established by provincial partners in the New England and mid-Atlantic regions of the United States. The return on investment was 4% higher and the economic impact 9.9% higher than that recorded in the adjusted figures for 1999.¹⁶



¹⁵ Corporate Research Associates, *2000 Pre - Post Promotion Study*, March 2000.

¹⁶ The return-on-investment indicators for 1999 and prior years as reported in the Agency's Performance Report for the period ending March 31, 2000 have been adjusted to achieve a common base with the 2000 indicators.

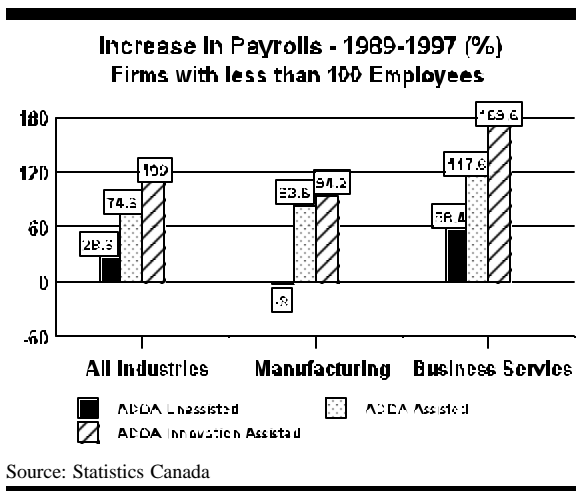
E. Innovation

Aim

Development and commercialization of new technologies; enhanced technology skills and growth of strategic sectors.

As indicated on page 12, ACOA's support for innovation and the development and commercialization of new products and processes has made a difference in the productivity and competitiveness of Atlantic SMEs. This improved productivity has resulted in improved earned incomes by enabling Atlantic firms to engage more employees and more highly skilled and paid employees. The impact of ACOA programming can be seen by examining the growth of payrolls over 1989-1997 for firms with less than 100 employees. This size of firm accounts for 93% of all firms assisted by ACOA. On an all industry basis, firms assisted for innovation have a growth rate in payrolls over three times that for unassisted firms.

Similarly, in the Business Services sector which embraces key strategic sectors such as the Computer and Related Services component of the Information Technology Industry, Environmental Sciences, Marine Engineering and Ocean Sciences, the payroll growth of ACOA clients was nearly three times that of unassisted firms.



| Expectation: | Results: |
|---|--|
| <ul style="list-style-type: none"> ▶ new partnership for technology development and commercialization (20 per year) ▶ new products and processes commercialized ▶ increased numbers of technically skilled people/increased SME technology management, technical and Research and Development capacity | <ul style="list-style-type: none"> • <i>Target exceeded. 32 new partnerships created</i> • <i>Assisted 55 projects providing \$11 million in assistance</i> • <i>Delivered seminars in Nova Scotia and New Brunswick on successfully introducing new products to the research stream and how to bring new products to market; 75 people attended resulting in 4 SMEs implementing the process in Nova Scotia.</i> • <i>In Nova Scotia, delivered a seminar on Innovation in Agri-Food to 70 people.</i> • <i>Provided assistance to 10 companies to hire technology interns under the Canada/Newfoundland Comprehensive Economic Development agreement.</i> |

Accomplishments

During the 2000-2001 fiscal year, the Agency continued to strengthen the innovation capacity of the Atlantic region. More than 30 new research and development and/or technology commercialization partnerships were established. Some examples include:

- The Centre for Marine and Aquatic Resources, established at the Atlantic Veterinary College on the University of Prince Edward Island Campus, allows scientists to undertake applied and basic research that will position the University as a leader in aquatic and fish health research. This Centre will enhance the University's ability to respond to emerging infectious diseases in fish farming regionally, nationally and internationally.
- Memorial University's Ocean Science Centre, the National Research Council Canada, the Department of Fisheries and Oceans, the Huntsman Centre in New Brunswick and others formed a Centre of Excellence in Marine Finfish Aquaculture called "AquaNet". AquaNet has industrial partnerships with LoTech Marine Technologies, the Nav Group, Long Island Resources, Aqua Bounty Canada Inc. and A/F Protein Canada Inc.
- ACOA participated with provincial and university research partners, in providing matching funding under the Canada-Nova Scotia Economic Diversification Agreement to assist 6 Canadian Foundation for Innovation (CFI) projects which demonstrated significant economic benefit to Nova Scotia. These included the Marine Environmental Prediction System (MEPS) at Dalhousie University, which will improve the ability to forecast physical, chemical and biological changes in the marine environment and assess

the impact of climate changes and coastal development. CFI projects were supported, as well, in Newfoundland, New Brunswick and Prince Edward Island under Federal/Provincial Agreements.

- The Nova Scotia TARA (Telecom Applications Research Alliance) project received BDP support for its unique facility that combines cutting-edge telecommunications research and development equipment with seed investment funding and business mentoring resources. Three new investment partnerships were initiated by this organization.
- The Canadian Centre for Marine Communications (CCMC) and the Geological Survey of Iran completed a contract and are working on a longer term Memorandum of Understanding for ongoing provision of services. CCMC, Ocean Consulting Inc., United Kingdom Marine Test Facilities and New South Alliance signed an agreement to jointly pursue contract work for designing and testing marine vessels.
- Genome Atlantic received \$9.57 million in funds over three and a half years. With this financing in place, Genome Atlantic will support two large-scale genomics research projects and a DNA sequencing laboratory in conjunction with the existing facility at the National Research Council Canada's Institute for Marine Biosciences. Memorial University of Newfoundland, Dalhousie University and the University of New Brunswick are also key players.



2) *Economic Opportunities for rural Atlantic Canada through Community Economic Development*

F. Community Economic Development

Aim

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

Expectation:

- ▶ increased usage of integrated community planning

Results:

- *On track*

Accomplishments

The Agency has continued its partnerships with the Regional Economic Development Organizations throughout Atlantic Canada. A key component of this partnership is the development, maintenance and coordination of economic development plans for the communities they represent. ACOA has completed an evaluation of these plans and is currently working with the Regional Economic Development Organizations to implement suggested improvements.¹⁷

In New Brunswick, collaborative work with the Regional Economic Commissions and the Province has resulted in the implementation of 13 Integrated Community Development Plans that include specific measurable deliverables. ACOA's priorities as well as those of the other partners are fully reflected in these work plans.

¹⁷ Collins Management Consulting & Research Ltd., *A Plan for the Review of ACOA's Policy for Community Based Economic Development*, February 24, 2000.

| Aim | |
|--|---|
| Expanded access to government business services (financing, counselling and information). | |
| Expectation: | Results: |
| <ul style="list-style-type: none"> ▶ increased number of government services/programs accessible at the local level, particularly in rural areas and Aboriginal communities | <ul style="list-style-type: none"> • <i>On track</i> |

Accomplishments

ACOA has continued its efforts to develop information networks with local Aboriginal communities and Regional Economic Development Agencies. The Aboriginal Business Service Network (ABSN) has been implemented in 35 communities in Atlantic Canada (16 in New Brunswick, 15 in Nova Scotia, three in Prince Edward Island and one in Newfoundland). The amount expended to date on this initiative is \$374,000. In addition the Atlantic Canada Business Service Centres have extended their regionalisation network to 48 additional sites in rural communities.

In Nova Scotia, the Tripartite Economic Development Committee was established and mandated by the Nova Scotia Chiefs as well as representatives of the federal and provincial governments, to enhance the economic sustainability of First Nations in Nova Scotia. The committee works closely with the network of Nova Scotia Economic Development Officers working in First Nations on priority economic development issues and has proven to be an effective forum for dialogue on issues and building partnerships to enhance Aboriginal economic development. The need for a strategic and flexible funding mechanism to participate in projects coming before the Economic Development Committee was addressed with the implementation of the First Nations Economic Development Fund. Established in the fall of 2000, with a budget of \$150,000, it will provide a means of implementing projects which improve employment opportunities, enhance business development or economic planning and capacity building.

ACOA New Brunswick co-chairs the Joint Economic Development Initiative, a tripartite process implemented by Aboriginal communities and the federal and provincial governments to identify and encourage projects aimed at stimulating economic development in Aboriginal communities. ACOA has worked to ensure active participation of key stakeholders including Aboriginal leaders, economic development officers, human resource officers and organizations, federal/provincial officials and other interested parties. Through this process, policy actions and funding partners were identified to encourage capacity building, education, and training initiatives to develop the skills essential for individual and community self-reliance, as well as the economic development of New Brunswick's Aboriginal population.

The Agency's office in Prince Edward Island has worked with the Lennox Island First Nation in developing specific projects that enhance the economic status of the community while promoting the culture and history of the Acadian and Mi'kmaq people.

ACOA in Nova Scotia has enhanced its service capability through the addition of two account managers providing an expanded service to fifteen locations throughout mainland Nova Scotia. These account managers provide a full range of ACOA services including the Business Development Program, the Canadian Fisheries Adjustment and Restructuring initiative, and the Strategic Community Investment Fund.

ACOA New Brunswick's network of district offices continues to provide a full range of ACOA services to SMEs and communities throughout New Brunswick. As one example, ACOA has been an active participant on the Steering Committee for the New Brunswick Premier's Action Plan for the Acadian Peninsula and has participated in the working committees that are developing and implementing diversification and development initiatives for this area.

ACOA Newfoundland has expanded its field presence by the addition of two new offices, one in Gander and one in Clarenville.

| Aim | |
|--|--|
| Increased number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations (CBDCs). | |
| Expectation: | Results: |
| <ul style="list-style-type: none"> ▶ 1,250 loans and resultant jobs ▶ approximately 8,000 enquiries/information requests and counselling sessions during the 2000-2001 fiscal year | <ul style="list-style-type: none"> • <i>89% of target met</i> • <i>Target exceeded</i> |

Accomplishments

During the 2000-2001 fiscal year, the Community Business Development Corporations issued over 1,100 loans, totalling \$29 million in support of business establishments and expansions. It is anticipated that these loans will create or maintain over 2,400 jobs. This estimate is adjusted for incrementality and for indirect and induced job impact. During this period, the CBDCs responded to more than 11,000 enquiries, and information

or counselling requests. In the past year, the Agency contributed \$13.1 million to the network of CBDCs in Atlantic Canada to fund their operations and investment funds.

| Aim | |
|---|---|
| Communities self-development and alternate employment in areas affected by the closure of the Atlantic groundfish fishery. (Canadian Fisheries Adjustment and Restructuring initiative - CFAR) | |
| Expectation: | Results: |
| <ul style="list-style-type: none"> ▶ increase community leadership in areas related to economic development ▶ sustainable SME and job creation in areas other than the traditional fish harvesting and processing occupations ▶ establish the Community Capital Fund | <ul style="list-style-type: none"> • <i>Newfoundland delivered six workshops designed to: strengthen the relationships between municipal and regional economic development leaders; improve communications and understanding between the business community and municipal government; and provide tools to assist municipal leaders in their efforts to foster sustainable economic development in their jurisdictions.</i> • <i>Under the Economic Development Component of CFAR in Newfoundland supported 169 projects totalling \$32.9 million in assistance.</i> • <i>In Nova Scotia, supported 45 project totalling \$4.5 million in assistance.</i> • <i>Established fund in Newfoundland, supporting over 100 applications totalling \$3.3 million in assistance and creating and/or maintaining 329 jobs.</i> |

Accomplishments

Challenges to community economic development in Newfoundland remain formidable because of the lingering effects of the groundfish collapse and the out-migration of young people. Continued encouragement of tourism development and more recently diversified fisheries development through the Economic Development Component of CFAR have provided the basis for rejuvenation within some areas. Aerospace development in Gander, call-centre establishments in various urban communities and small-scale manufacturing business developments around the province represent the most visible signs of growth.

In Nova Scotia, three Community Advisory Committees were established to provide input and advice from the community level on the Economic Development Component of CFAR. The committees are in the following regions:

- ▶ Southwest: Digby, Yarmouth and Shelburne counties;
- ▶ South Shore: Queens and Lunenburg counties and the western end of Halifax county;
- ▶ Northeastern: The eastern end of Halifax county and Guysborough and Antigonish counties.

The Committees are made up of representatives from the community with a background in development activities, staff or volunteers from CED partner organizations like Regional Development Agencies and CBDCs, and regional staff of related government departments.



3) *Greater economic activity in Atlantic Canada through national policies sensitive to the needs of the region.*

G. Policy, Advocacy and Coordination

Aim

Develop a contemporary policy framework for economic development in the Atlantic region, and work to develop a consensus around this as a basis for coordinated action by key economic stakeholders.

Expectation:

- ▶ a sound basis for coordinated action by key economic stakeholders in Atlantic Canada
- ▶ credible rationale for a regional economic development strategy
- ▶ intelligence required to seek out strategic regional opportunities

Results:

- *On track*
- *Ongoing*
- *Ongoing*

Accomplishments

ACOA's policy research on innovation, trade and investment, entrepreneurship and business skills development, community-based economic development and specific industry sectors provided a key input for the development of the Atlantic Investment Partnership (AIP) Initiative. This research, coupled with ongoing economic policy analysis, was a key input to the extensive stakeholder consultations that preceded the launch of the AIP.

Policy research initiatives completed during the year included:

- Three reports: *A Renewal Strategy for Post-Secondary Research in Atlantic Canada*; *Post-Secondary Research Trends in Atlantic Canada*; and *Post-Secondary Research in Atlantic Canada - Institutional Profiles* done in partnership with the Maritime Provinces Higher Education Commission;
- Two papers: *Community Economic Development in Atlantic Canada: False Hope or Panacea?* and *Profile and Prospects of the Biopharmaceutical Industry in*

Atlantic Canada, which were part of a research series carried out by the Canadian Institute for Research on Regional Development (CIRRD);

- A new policy research partnership with the Vaughan Chair of Economics at the University of New Brunswick, including sponsorship of a course on policy research and supervised policy research papers carried out by graduate students;
- The release of a study report entitled *Rural Youth: Stayers, Leavers and Return Migrants* done in partnership with Agriculture and Agri-Food Canada’s Rural Secretariat; and
- A roundtable organized and hosted by the University of New Brunswick Wood Science and Technology Centre focussing on the Value-Added Wood Products Industry.

| Aim | |
|---|--|
| Active pursuit and promotion of Atlantic Canada’s interests in respect of national policies, programs, issues and procurement. | |
| Expectation: | Results: |
| <ul style="list-style-type: none"> ▶ better alignment between national policies and programming and regional development circumstances ▶ secure significant Industrial and Regional Benefits for Atlantic firms on Major Crown Projects ▶ improved access to federal contracts for Atlantic firms to build the industrial capacity of the region | <ul style="list-style-type: none"> • <i>Ongoing</i> • <i>Target achieved \$167 Million</i> • <i>Ongoing</i> |

Accomplishments

In fiscal year 2000-2001, ACOA continued to build strong relationships within the Industry Portfolio and with other government departments on issues of importance to the Atlantic economy, such as Branding Canada, Small Business Financing Policy, Broadband, Innovation, Biotechnology, Labour Market Policy, Entrepreneurship and Skills Development, Aquaculture, Transportation and the Canadian Rural Partnership.

In 2000-2001, ACOA worked closely with Natural Resources Canada on a number of important initiatives, such as the Resource Innovation Strategy and the Atlantic Canada Technology Innovation Program, aimed at fostering technological innovation in natural resource industries, including the offshore oil and gas industry.

ACOA also supported the Atlantic aquaculture industry in articulating their concerns to federal regulators regarding the business impact of specific regulations. The Department of Fisheries and Oceans now plans to undertake a legislative review as part of its new Aquaculture Policy Framework. The review should point the way to development of a clearer, more streamlined set of regulations to govern the industry.

ACOA continued to work closely with DFO on the Atlantic Fisheries Review and the Oceans Strategy, comprehensive initiatives which may take advantage of the resident marine technology and conservation expertise of Atlantic Canadian institutions and entrepreneurs in the years to come.

ACOA has continued its participation in the approval of procurement strategies for all major federal procurement activities (over \$100 million). In 2000-2001, the Agency continued to work with Atlantic suppliers to identify opportunities for which they were qualified to bid. As a result of these efforts \$167 million in Industrial and Regional Benefits contracts were achieved for the Region. This amount resulted from two separate procurements, specifically, the Canadian Search and Rescue Helicopter (CSH) and the CP 140:

- \$9 million additional Atlantic region allocation on the CSH
- \$44 million (CSH) Project - In-service support contract
- \$15 million Repair and Overhaul of the CP140 airframe components
- \$99 million Depot Level Inspection and Repair (DLIR) and Paint Program for the CP 140

ACOA partnered with the Canadian Space Agency (CSA) to identify barriers to regional participation in the space program, to identify future opportunities and to assist Atlantic firms take full advantage of CSA's regional expenditure target (10%). The development of a "Blueprint for Action" for Atlantic Canada by CSA has better positioned ACOA to work with the CSA to assist Atlantic firms.

ACOA continued to work on securing significant Industrial and Regional Benefits for Atlantic firms on various ongoing defence procurements, such as the new Armoured Personnel Carrier, the Canadian Search and Rescue Helicopter, military aircraft repair and overhaul contracts, and the Wheeled Armoured Vehicles project. Supplier Development Tours and events included:

- Government on Line Procurement - federal information session to industry in Charlottetown, Prince Edward Island;
- Radarsat II - MacDonald Dettwiler held business opportunity briefing in Halifax, Nova Scotia; and

- Aerospace Industries Association of Canada - forum in Moncton, N. B., to explore the business case for creating an 'Atlantic Aerospace Alliance'. This forum drew representatives from over 40 firms located in all four provinces of Atlantic Canada.

| | |
|--|--|
| Aim | |
| Coordination of economic development activities and functions in Atlantic Canada. | |
| Expectation: | Results: |
| <ul style="list-style-type: none"> ▸ policies and programs of federal departments that complement and supplement each other | <ul style="list-style-type: none"> • <i>Ongoing</i> |

Accomplishments

Coordination of government initiatives are carried out in collaboration with other federal government departments. In each of the four Atlantic provinces, ACOA continues to chair the Federal Regional Councils, a council that offers consultation for Central Agencies.

In Prince Edward Island, the initiatives are coordinated by the Service Renewal Sub-Committee, mandated to improve federal operations across departments by assessing departmental employment situations and ensuring continuity as many employees retire and new ones are recruited. The Official Languages Sub-Committee is organizing the Atlantic Official Languages Symposium.

ACOA coordinates the Policy Committee of the Newfoundland and Labrador Federal Council which provides a forum through which federal officials can participate in the federal government's policy analysis and development. Work has been initiated in the forestry sector, science and technology, Labrador, and in the implications of demographic changes.

Also in Newfoundland and Labrador, ACOA has participated in a federal-provincial-industry partnership to identify the exporting needs and challenges of SMEs. Work is also done in partnership with Canadian Heritage and the Government of Newfoundland to develop a new funding initiative in the areas of cultural and heritage industries. The New Brunswick Federal Council, currently chaired by ACOA, facilitates the coordination of the Government of Canada initiatives and programs in areas of common interest such as quality of services. The Rural Team New Brunswick advanced on its objective to test a horizontal delivery model with one community organization. More members were added to the team, including provincial government representatives. New initiatives were initiated which will allow greater information sharing among members.

The Nova Scotia Federal Council has established three new coordinating committees for Science, Official Languages and Aboriginal Affairs. These committees have widespread

involvement and are in various stages of developing plans for the upcoming year. Agreement has been reached on the initial stages of a federal/provincial integrated service delivery project. Several projects have been proposed for Atlantic-wide collaboration, including Innovation, Knowledge Warehouse and Science Management issues.

Also in Nova Scotia, the Policy Committee has developed a Common Environmental Scan for use by federal operations in the Region. This scan and other research papers will now reside on the Federal Council Knowledge Warehouse - a dedicated website for policy workers, developed by ACOA. The Policy Committee also operates an annual fall seminar series which allows departments to share their priorities and initiatives. Coordination of Human Resource Management initiatives remains in high gear. The Strength In Diversity Program offers developmental activities and assignments to visible minority and disabled employees.

Performance in the Corporate Administration Business Line

| H. Corporate Administration | |
|--|--|
| <u>Aim</u> | |
| <p>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.</p> | |
| Expectation: | Results: |
| <ul style="list-style-type: none"> ▶ improved information on the effectiveness of ACOA programs and services ▶ assurance of accuracy and timeliness of financial information and analysis ▶ by March 31, 2001, ensure that the Agency is compliant with the Financial Information Strategy (FIS) ▶ 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 ▶ increase the quality of corporate information ▶ increase the availability of corporate information ▶ address workplace-related priorities identified at ACOA in the employee survey | <ul style="list-style-type: none"> • <i>Target achieved</i> • <i>Target achieved</i> • <i>Target achieved</i> • <i>Target achieved</i> • <i>Target achieved</i> • <i>Target achieved</i> • <i>Target achieved</i> |

Accomplishments

The Agency has expanded on its results measurement contract with Statistics Canada to provide comparisons between the performance of ACOA assisted firms and unassisted firms to include the areas of productivity growth, numbers of exporters and results of support for innovation.

ACOA has made significant advances in increasing the quality and availability of Corporate information. The main thrust in the quality area has occurred in conjunction with the refocus of the Agency's corporate systems from project-oriented to client-oriented. This has resulted in a major initiative to consolidate client information. The availability also has been increased because of modifications to information delivery systems and a continuous training initiative.

Implementing Government On-Line has been a focal point for many of the information initiatives for ACOA. The Agency is participating in many initiatives including acting as Co-Chair of the Grants and Contributions working group and prototyping some of the new technical tools that will be required for this important initiative.

ACOA has successfully met the requirements associated with the Financial Information Strategy, a government-wide initiative to enhance government decision-making and accountability, and to improve organization performance through the strategic use of financial and non-financial performance information. FIS will mean more complete information for decision-making.

Within FIS, the Agency provided leadership on policy development, training, and testing to ACOA, other government departments, and Central Agency stakeholders. In consultation with Treasury Board, ACOA helped develop methods for financial statement presentation.

In order to inform the general public and ACOA stakeholders of the Government of Canada's continued commitment to regional economic development, the Agency carried out a number of initiatives including announcements of the launch of the Atlantic Investment Partnership, the Canada Infrastructure Agreements for the four Atlantic provinces, and a major International Tourism Marketing agreement.

The Agency also ran a successful campaign promoting business services for Atlantic entrepreneurs, provided communications support for the Team Canada trade mission to New England and delivered numerous special events, press conferences and promotional publications.

Sessions were organized on Workplace Harassment throughout the Agency and Think-Tanks were held in various locations to address other issues of concern to employees.

Annex A

Consolidated Reporting

A. ACOA's Sustainable Development Strategy

Aim

An updated sustainable development strategy for the period 2001-2003 and continued progress towards ACOA's current goals in sustainable development: set an example in the environmental management of ACOA's operations; promote sustainable communities and businesses in Atlantic Canada; and advance the environmental industry sector in Atlantic Canada.

Expectation:

Results:

| | |
|---|--|
| <ul style="list-style-type: none"> ▶ completion of the Agency's Environmental Management System (EMS) ▶ outreach documents updated to include commitment to SD ▶ increased use of EMS by businesses in Atlantic region ▶ increased number of small- and medium-sized environmental businesses ▶ results and accomplishments of first Sustainable Development Strategy assessed. ▶ Consultations with staff and stakeholders to develop future direction ▶ Sustainable Development Strategy for period 2001-2003 established. | <ul style="list-style-type: none"> • <i>On track. The formal EMS was completed in May 2001. The Agency's EMS has been communicated and promoted to all ACOA staff. In addition, guidelines for Sustainable Development (SD) and project evaluation were revised. A training plan and tool kit are being developed for the program officers with training to follow.</i> • <i>10 Outreach documents have been revised to date.</i> • <i>ISO 14001 EMS is now eligible for funding under the Business Development Program.</i> • <i>Growth in this industry is not under the direct control of the Agency. However, the SDS Update includes the commitment to develop and implement an ACOA environmental industries strategy.</i> • <i>Completed</i> • <i>Completed</i> • <i>ACOA SDS was tabled on February 14, 2001.</i> |
|---|--|

Overall, the priority was placed on the consultation process and development of an Updated Sustainable Development Strategy. Therefore, some initiatives were postponed and included in the updated strategy. Others were dropped from the initiatives as they were either outside ACOA's direct control, (e.g., energy efficiency in our leased space,) or not measurable for results. ACOA has provided a full assessment of the progress on the implementation of the 1997 SDS in its Updated Sustainable Development Strategy, which is published on the Internet site at:

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

B. Section 41 of the *Official Languages Act*

ACOA continues to ensure implementation of the measures set out in its 2000-2002 action plan on Section 41 of the *Official Languages Act*. Activities undertaken at ACOA Head Office, at Enterprise Cape Breton Corporation and at ACOA's four Regional Offices are all testimony to the Agency's commitment to enhancing the vitality of the French linguistic minority community in Atlantic Canada.

ACOA's support of the French linguistic minority community in Atlantic Canada is ensured in part through its active participation on the National Committee for Canadian Francophonie Human Resources Development. Members from ACOA sit on each of the National Committee's four sectoral tables: Knowledge-based Economy, Rural Development, Youth in Economic Development and Tourism. Further, ACOA has a seat on the National Committee responsible for the implementation of section 41 of the *Official Languages Act* and its representative plays an active role in Committee activities.

The National Committee for Francophonie Human Resources Development has established a coordinating group on economic development and employability in each of the four Atlantic provinces. For its part, the Agency, through its regional section 41 coordinators, assists each of these groups in designing and implementing economic development plans and projects. The Agency and the coordinating groups have established a close working relationship to ensure that measures taken by both parties are consistent and complementary.

In addition, the Agency ensures the provision to its staff of ongoing information sessions on the implementation of section 41. Sessions have been and continue to be provided to both management and account managers. Further, the Agency has established its own in-house policy on the application of the *Official Languages Act* in the area of grants and contributions.

The Agency's support of economic development projects for Francophone groups and associations in each of the Atlantic provinces remains significant. Funding for Francophone initiatives continues to be channelled through the Centre Jodrey at Nova Scotia's Université Sainte-Anne as well as through the CBDC network in that province. Economic diversification projects are ongoing on the Port-aux-Port Peninsula in western Newfoundland and a coordinator in that province maintains close contact with the community. Funding was ensured for a vast array of French linguistic minority community projects across the province of New Brunswick. In Prince Edward Island, the Agency continues to support the "Société de développement de la Baie acadienne Inc".

C. ACOA's Commitment to Service Quality

Since the spring of 1999, the Agency has been actively involved on the service quality front and has developed and implemented a Service Quality Strategic Plan which supports the Government of Canada's service improvement initiative and complies with its service delivery management framework.

The Agency has undertaken initiatives that are intended to measure client satisfaction and expectations. A corporate client satisfaction survey has been designed and has been mailed to the Agency's direct delivery clients. The results of this survey will be used to establish an ACOA client satisfaction baseline and to develop a service improvement plan.

Annex B Financial Information

Financial Table 1

Summary of Voted Appropriations

This table displays the way Parliament approved resources in the 2000-2001 Report on Plans and Priorities, shows the changes in resources derived from supplementary estimates and other authorities, as well as how funds were spent.

| Financial Requirements by Authority (millions of dollars) | | | | |
|--|--|----------------------|--------------|--------------|
| Vote | 2000-2001 | | | |
| | Planned Spending | Total Authorities | Actual | |
| Atlantic Canada Opportunities Agency | | | | |
| 20 | Operating expenditures | 50.3 | 59.1 | 57.7 |
| 21 | Debt Write-Off | 0.0 | 3.4 | 3.4 |
| 25 | Grants and contributions | 288.6 | 259.6 | 209.1 |
| (S) | Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i> | 8.0 | 6.6 | 6.6 |
| (S) | Liabilities in Atlantic Canada under the <i>Canada Small Business Financing Act</i> | 1.0 | 0.2 | 0.2 |
| (S) | Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i> | 1.0 | 0.0 | 0.0 |
| (S) | Contributions to employee benefit plans | 5.3 | 5.9 | 5.9 |
| Total Agency | | 354.2 | 334.8 | 282.9 |
| Total authorities are main estimates, supplementary estimates, and other authorities. | | | | |

Financial Table 2

Comparison of Total Planned Spending to Actual Spending

The information below illustrates how the Agency used the resources reported in the 2000-2001 Report on Plans and Priorities. The net cost of the program is shown by displaying expenditures and revenues together with costs of services provided by other government departments.

| Departmental Planned versus Actual Spending by Business Line for 2000-2001 (millions of dollars) | | | | | | | | |
|---|------------|-------------|--------------------------|------------------------------|------------------------------------|--------------------------|----------------------------|------------------------|
| Business Lines | FTEs | Operating | Grants and Contributions | Subtotal: Gross Expenditures | Statutory Grants and Contributions | Total Gross Expenditures | Less: Respendable Revenues | Total Net Expenditures |
| Development | | | | | | | | |
| Planned | 330 | 42.2 | 288.6 | 330.8 | 10.0 | 340.8 | | 340.8 |
| <i>total</i> | <i>330</i> | <i>51.2</i> | <i>259.6</i> | <i>310.8</i> | <i>6.8</i> | <i>317.6</i> | | <i>317.6</i> |
| Actuals | 371 | 50.9 | 209.1 | 260.0 | 6.8 | 266.8 | | 266.8 |
| Corporate | | | | | | | | |
| Planned | 100 | 13.4 | | 13.4 | | 13.4 | | 13.4 |
| <i>total</i> | <i>100</i> | <i>17.2</i> | | <i>17.2</i> | | <i>17.2</i> | | <i>17.2</i> |
| Actuals | 112 | 16.1 | | 16.1 | | 16.1 | | 16.1 |
| Total | | | | | | | | |
| Planned | 430 | 55.6 | 288.6 | 344.2 | 10.0 | 354.2 | | 354.2 |
| <i>total</i> | <i>430</i> | <i>68.4</i> | <i>259.6</i> | <i>328.0</i> | <i>6.8</i> | <i>334.8</i> | | <i>334.8</i> |
| Actuals | 483 | 67.0 | 209.1 | 276.1 | 6.8 | 282.9 | | 282.9 |
| Other Revenues and Expenditures | | | | | | | | |
| Non-respendable Revenues | | | | | | | | |
| | | | | | | | | 49.4 |
| | | | | | | | | <i>49.4</i> |
| | | | | | | | | 61.4 |
| Cost of services provided by other departments | | | | | | | | |
| | | | | | | | | 3.3 |
| | | | | | | | | <i>3.3</i> |
| | | | | | | | | 3.8 |
| Net Cost of the | | | | | | | | |
| | | | | | | | | 308.1 |
| | | | | | | | | <i>288.7</i> |
| | | | | | | | | 225.3 |
| <p><i>Numbers in italics denote Total Authorities for 2000-2001 (main and supplementary estimates and other authorities).</i></p> <p>Bolded numbers denote actual expenditures/revenues in 2000-2001.</p> <p>Due to rounding, columns may not add to totals shown.</p> | | | | | | | | |

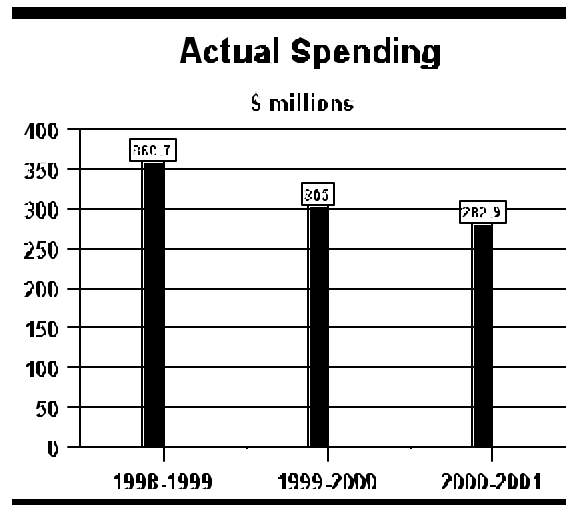
Financial Table 3

Historical Comparison of Total Planned Spending to Actual Spending

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

| Departmental Planned versus Actual Spending by Business Line (millions of dollars) | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|--------------|
| Business Lines | Actual 1998-1999 | Actual 1999-2000 | 2000-2001 | | |
| | | | Planned Spending | Total Authorities | Actual |
| Development | 348.1 | 291.3 | 340.8 | 317.6 | 266.8 |
| Corporate Administration | 12.6 | 13.7 | 13.4 | 17.2 | 16.1 |
| Total | 360.7 | 305.0 | 354.2 | 334.8 | 282.9 |

Total authorities are main estimates, supplementary estimates, and other authorities.
 Agency planned spending included \$22 million for the Cape Breton Growth Fund. These funds were not used by ACOA and were directed to the Enterprise Cape Breton Corporation. The balance of \$49 million was an in-year adjustment by ACOA to reprofile resources to later years.



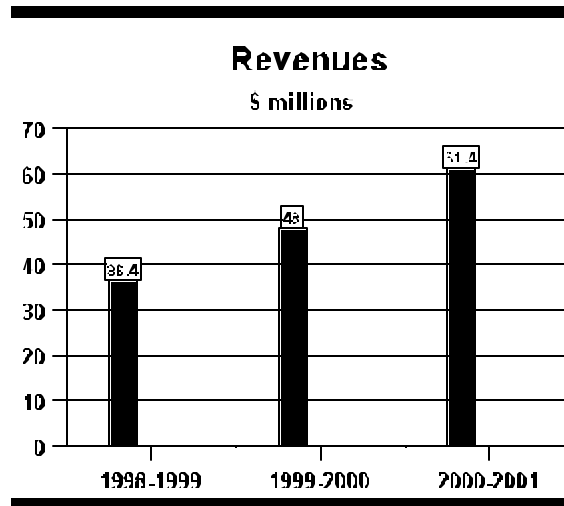
Financial Table 5

Revenues

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

| Revenues for the Development Business Line (millions of dollars) | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|-------------|
| Type of Revenues | Actual 1998-1999 | Actual 1999-2000 | 2000-2001 | | |
| | | | Planned Spending | Total Authorities | Actual |
| Non-Respendable Revenues | 36.4 | 48.0 | 49.4 | 49.4 | 61.4 |
| Total Revenues | 36.4 | 48.0 | 49.4 | 49.4 | 61.4 |

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



Financial Table 6

Statutory Payments

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

| Statutory Payments by Business Line (millions of dollars) | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|------------------------------|---------------|
| Business Lines | Actual 1998-1999 | Actual 1999-2000 | 2000-2001 | | |
| | | | Planned Spending | Total Authorities | Actual |
| Development | 10.8 | 11.2 | 10.0 | 6.8 | 6.8 |
| Total Statutory Payments | 10.8 | 11.2 | 10.0 | 6.8 | 6.8 |

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

Financial Table 7

Transfer Payments

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

| Transfer Payments for the Development Business Line (millions of dollars) | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|--------------|
| Type of Payments | Actual 1998-1999 | Actual 1999-2000 | 2000-2001 | | |
| | | | Planned Spending | Total Authorities | Actual |
| Grants | 1.0 | 4.1 | 5.0 | 5.0 | 3.7 |
| Contributions | 307.3 | 245.8 | 293.6 | 261.4 | 212.2 |
| Total Transfer Payments | 308.3 | 249.9 | 298.6 | 266.4 | 215.9 |

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

Financial Table 8

Contingent Liabilities

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

The amount for loan guarantees represents loans by financial institutions that have been guaranteed by the Agency. Amounts captured as litigation are claims against the Agency for damages incurred from losses suffered by outside parties. Payments made by the Agency require an authority and in the case of these types of payments, the authority is “statutory”; that is, funds are not required to be appropriated by Parliament, but are available so long as the potential for losses exists.

| List of Contingent Liabilities | Amount of Contingent Liability | | |
|--|--------------------------------|-------------|----------------|
| | March 31, | March 31, | Current as of |
| | 1999 | 2000 | March 31, 2001 |
| Loans | | | |
| Loan guarantees | 12.5 | 7.9 | 5.5 |
| Claims, Pending and Threatened Litigation | | | |
| Litigations | 10.0 | 10.0 | 10.1 |
| Non-litigations | 0.0 | 0.0 | 0.0 |
| Total | 22.5 | 17.9 | 15.6 |

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

Annex C Departmental Overview

1

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.

ACOA works to enhance the competitive strength of SMEs in the region. In Atlantic Canada over 97% of newly created businesses are small- or medium-sized firms with less than 100 employees. SMEs create 63% of new jobs.

ACOA Mission



To work in partnership with the people of Atlantic Canada toward the long-term economic development of the region.

To fulfill its mandate of increasing opportunity for economic development in Atlantic Canada, ACOA's mission statement embraces the principle of partnership. The Agency has put in place an extensive network, plus the structures necessary to carry out this mandate.

Operating Environment

a. Position within the Government

ACOA operates within the Industry Portfolio, which includes 15 departments and agencies that report to Parliament through the Minister of Industry. The Portfolio's mandate, mission, objectives, priorities and services reflect the federal government's goal to advance the government's jobs and growth agenda:

- ▶ growth of small- and medium-sized business (SME);
- ▶ trade and investment;
- ▶ innovation through science and technology; 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 in 2000-2001 contributed to progress in many government-wide priorities outlined in the January 2001 *Speech from the Throne*. To build a world-leading economy, the Government of Canada prioritized work in Creating Opportunities through Innovation, Skills and Learning and Trade and Investment. This report illustrates some of Agency's achievements in these priority areas.

Departmental Organization

a. Activity Structure

ACOA's program is divided into two main business lines: Development and Corporate Administration. The majority of ACOA's efforts toward 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.

b. Organization Structure

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

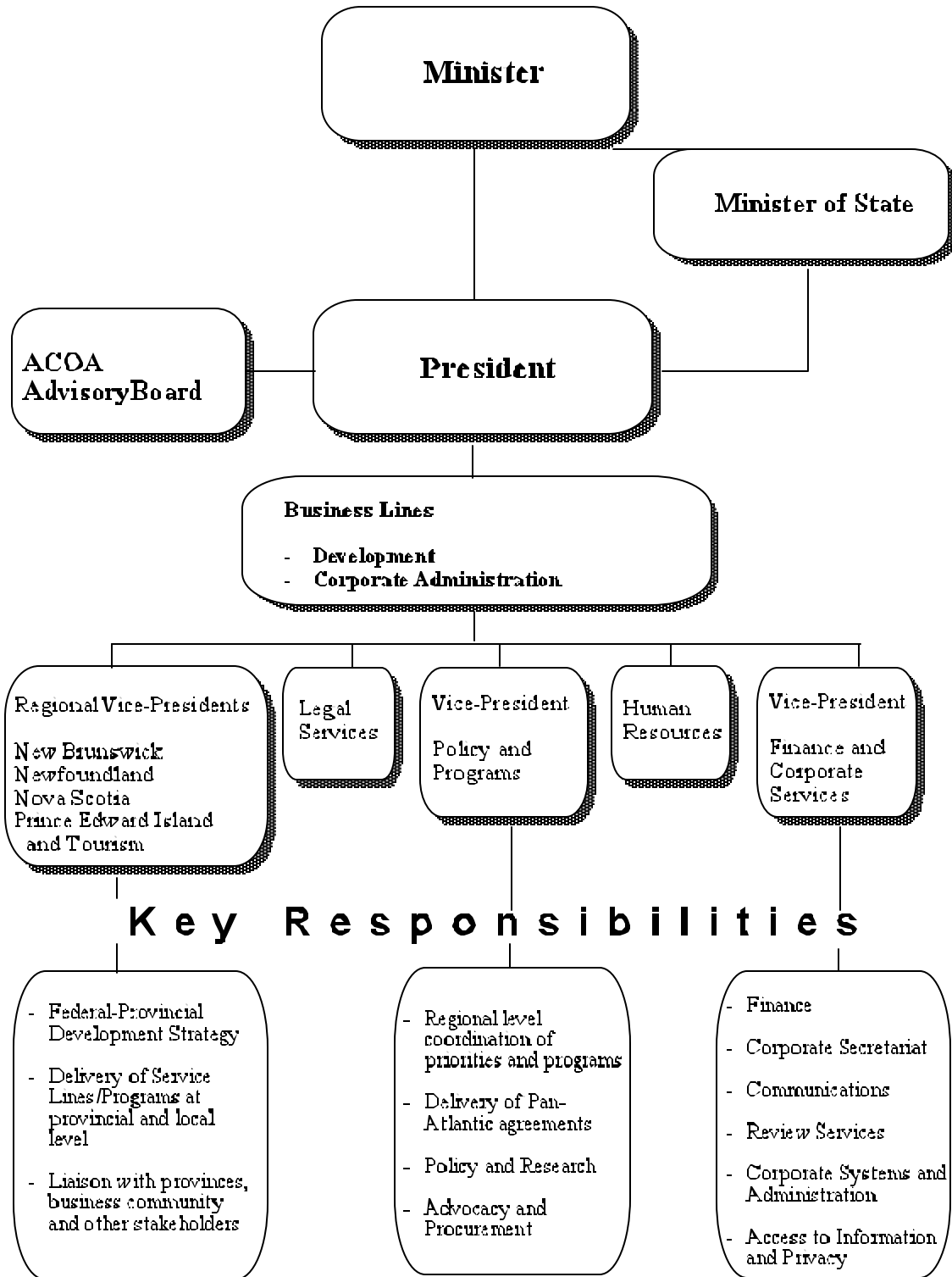
In each provincial capital in Atlantic Canada, regional Vice-Presidents are responsible for the delivery of ACOA programs. In Sydney, Nova Scotia, the Vice-President of Enterprise Cape Breton Corporation (ECBC) is responsible for delivering most of ACOA's programs in Cape Breton. Vice-Presidents are equipped with Ministerial-delegated authorities to approve projects and proposals occurring in their 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 up to seven other members who represent all areas in Atlantic Canada.

The President of ACOA is also, ex officio, the Chairperson of the Board and CEO 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 of Industry and the Minister of State and it is therefore not included in this document.

Organizational Structure



Annex D

Comparisons Between ACOA Assisted and Unassisted

1

The Data

Payroll information comes from the Employment Dynamics data base of Statistics Canada. 1997 data is the most recent available data, because its availability is dependent on Statistics Canada and Revenue Canada's processing schedules. The data cannot be released any earlier than 18 months of the tax year. Payrolls are calculated for the universe of all firms with paid employees using Revenue Canada T4 tax records. The average annual level of employment is calculated by dividing a firm's total payroll by average annual earnings per employee of that firm. Average annual earnings is estimated from earnings data at the three digit Standard Industry Classification and province levels collected by Statistics Canada, (Survey of Employment, Payrolls and Hours).

Annual sales, profits and exporting status are for the universe of incorporated firms from Revenue Canada T2 corporate tax records.

2

The Productivity Measure

Sales has been selected as the most appropriate measure of output for tracking productivity. A possible alternative would be value-added, the sum of employee payrolls and corporate profits. However, the value-added data available from the Statistics Canada Employment dynamics and the tax filer data base cannot be used because of technical measurement problems. Firstly, for those corporations who also operate outside the Atlantic and file a consolidated return, profits in the Atlantic can only be estimated on a pro rata basis to the proportion of sales in the Atlantic. Secondly, because employment is derived by Statistics Canada from payrolls using data on average wages by industry, using value-added as the output measure would mean that output and employment are not totally independent measures. In any event, the sales and value-added trends are very similar. For example, over the 1993-1997 period, Atlantic manufacturing shipments increased by 29.6% as compared to 27.3% for value-added. The choice of output measure would seem to make little if any difference for the results.

Annex E Other Information

1

Contacts for Further Information

Finance and Corporate Services

Peter Estey
Vice-President, Finance and Corporate Services
Tel: (506) 851-6438

Policy and Programs

Paul LeBlanc
Vice-President, Policy and Programs Branch
Tel: (506) 851-3550

Departmental Performance Report

Terry Thomas
Director General, Review Services Division
Tel: (506) 851-2956

ACOA Head Office

P.O. Box 6051, 644 Main Street
Moncton, New Brunswick
E1C 9J8

Toll Free: (800) 561-7862
General Inquiries (506) 851-2271
Fax: (506) 851-7403

ACOA Public Web Site:

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

2

Legislation Administered by ACOA

The Minister for ACOA has sole responsibility to Parliament for the following Act:

Government Organization Act, Atlantic Canada, 1987, (R.S.C., 1985, c. -G-57), as amended.

The Minister for ACOA shares responsibility to Parliament for the following Acts:

Small Business Loans Act (R.S.C., 1985, c.-S-11), as amended.

Canada Small Business Financing Act, (R.S. 1998, c.36)

Special Areas Act (R.S.C., 1985, c.S-14)

3***List of Statutory Reports and Other Agency Reports***

Agency Performance Report for the period ending March 31, 2000

2001-2002 Report on Plans and Priorities

Five-Year Report to Parliament, 1993-1998

These reports may be found at ACOA's website: <http://www.acoa-apeca.gc.ca>

4***List of Offices*****a. Atlantic Canada Opportunities Agency**

ACOA Head Office

P.O. Box 6051

644 Main Street

Moncton, New Brunswick

(506) 851-2271 (General)

E1C 9J8

(506) 851-7403 (Fax)

ACOA New Brunswick

P.O. Box 578

570 Queen Street, 3rd Floor

Fredericton, New Brunswick

(506) 452-3184 (General)

E3B 5A6

(506) 452-3285 (Fax)

ACOA Newfoundland and Labrador

John Cabot Building, 11th Floor

P.O. Box 1060, Station "C"

10 Barter's Hill

St. John's, Newfoundland

(709) 772-2751 (General)

A1C 5M5

(709) 772-2712 (Fax)

ACOA Nova Scotia
Suite 600, 1801 Hollis Street
P.O. Box 2284, Station "M"
Halifax, Nova Scotia (902) 426-6743 (General)
B3J 3C8 (902) 426-2054 (Fax)

ACOA Prince Edward Island and Tourism
P.O. Box 40
100 Sydney Street
Room 325, 3rd Floor
Charlottetown, Prince Edward Island (902) 566-7492 (General)
C1A 7K2 (902) 566-7098 (Fax)

ACOA Ottawa
P.O. Box 1667, Station "B"
60 Queen Street, 4th Floor
Ottawa, Ontario (613) 954-2422 (General)
K1P 5R5 (613) 954-0429 (Fax)

b. Enterprise Cape Breton Corporation

Enterprise Cape Breton Corporation
P.O. Box 1750
4th Floor, Commerce Tower
15 Dorchester Street
Sydney, Nova Scotia (902) 564-3600 (General)
B1P 6T7 (902) 564-3825 (Fax)

Abbreviations and Acronyms

| | |
|-------------|--|
| ACOA | Atlantic Canada Opportunities Agency |
| AIP | Atlantic Investment Partnership |
| BDP | Business Development Program |
| CBDC | Community Business Development Corporation |
| CCMC | Canadian Centre for Marine Communications |
| CED | Community Economic Development |
| CFAR | Canadian Fisheries Adjustment and Restructuring Initiative |
| CFI | Canadian Foundation for Innovation |
| CSA | Canadian Space Agency |
| ECBC | Enterprise Cape Breton Corporation |
| EMS | Environmental Management System |
| FDI | Foreign Direct Investment |
| FIS | Financial Information Strategy |
| IDRC | International Development Research Council |
| NEWD | Network for Entrepreneurs with Disability |
| SD | Sustainable Development |
| SDS | Sustainable Development Strategy |
| SME | Small- and Medium-Sized Enterprise |