

Atlantic Canada Opportunities Agency

**1998-99
Estimates**

A Report on Plans and Priorities

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Section I Messages

A. Minister's and Secretary of State's Messages

1. The Minister's Message

A new global economy based on knowledge and innovation is rapidly emerging. Canada has the opportunity to position itself as a world leader in this knowledge-based economy, and the Industry Portfolio plays a key role in the government's strategy to seize this opportunity. Bringing together thirteen departments and agencies responsible for science and technology, regional development, marketplace services and micro-economic policy, the Industry Portfolio is a powerful toolkit to help Canada make a smooth transition to the economy of the 21st Century.

Since the creation of the Industry Portfolio, my priority has been to ensure that the Portfolio focusses on helping Canadian businesses to fulfill their potential to innovate, grow and create jobs. Portfolio members work together and with other partners to narrow Canada's gaps in the areas of innovation, trade, investment, human resources and community economic development, helping to create jobs and wealth in all sectors of the economy and in all regions. In so doing, we are helping Canadian businesses to position themselves at the forefront of the knowledge-based economy.

The Industry Portfolio is ...

Atlantic Canada Opportunities Agency
Business Development Bank of Canada*
Canadian Space Agency
Competition Tribunal
Copyright Board Canada
Canada Economic Development for Quebec Regions
(formerly the Federal Office of Regional
Development (Quebec))
Industry Canada
National Research Council Canada
Natural Sciences and Engineering Research Council of
Canada
Social Sciences and Humanities Research Council of
Canada
Standards Council of Canada*
Statistics Canada
Western Economic Diversification Canada

**Not required to submit Reports on Plans and
Priorities*

The Portfolio members' Reports on Plans and Priorities collectively illustrate how the Portfolio is meeting the challenges of the knowledge-based economy through our focus on: promoting innovation through science and technology; encouraging trade and investment; helping small and medium-sized enterprises to grow; promoting economic growth in Canadian communities; improving the coordination of Portfolio communications; realizing the potential of the Portfolio's people; and measuring the Portfolio's performance. The Portfolio is strongly committed to achieving these objectives and has a strong sense of accountability to Canadians for their delivery. We are also committed to measuring the success of our performance and to reporting on our accomplishments in future performance reports.

Working together, we will make a difference to the economic and social fabric of Canada and ensure our success in the global knowledge-based economy.

The Honourable John Manley

2. The Secretary of State's Message

The Government of Canada remains committed to the notion that strong regional economies are the building blocks of a strong national economy. We also remain committed to the Atlantic Canada Opportunities Agency (ACOA) as the principal federal organization helping to build a stronger economy in the Atlantic region.

ACOA does this by investing in the business infrastructure of Atlantic Canada—building economic capacity through entrepreneurship development, business management practices, increased trade, innovation and technology transfer. ACOA also invests directly in the start up and expansion of small- and medium sized businesses.

In addition, ACOA plays a key role in the development of national policies that affect Atlantic Canada's economy and it advocates on behalf of the region. Ultimately, the Agency's goal is to make Atlantic Canada a more prosperous, diversified and entrepreneurial society able to compete effectively in national and international markets.

Recently we have been pleased to see growth among various traditional sectors and some diversification of the economy. ACOA is committed to address the major economic challenges facing the Atlantic provinces where earned income per capita is only 74% of the national level and unemployment figures remain significantly higher than national rates.

ACOA is making real progress on several fronts. We have demonstrated beyond question that its work has helped create and maintain large numbers of jobs. Research shows that the "intent to start a business within two years" has increased from 7% to 16%. Activities undertaken by the Atlantic Canada Tourism Partnership have generated \$50 million in increased tourism revenues. Some 60,000 students enrolled in entrepreneurship programs last year alone. Close to 100 small businesses are now export ready as a result of the ACOA-sponsored NexPro training program.

As this current planning document amply demonstrates, ACOA will continue to advance a results-oriented economic agenda in Atlantic Canada. We will continue to find ways to improve small business' access to venture capital and market intelligence. We will continue to work in partnership—with the provinces, the private sector, academics, research institutes, and community economic development and business organizations—to deliver programs and services to this region. We will continue to promote business start-ups, build a better technology infrastructure, provide better training for managers, and improve access to marketing and other business information. We will support training for exporters, develop regional tourism marketing initiatives, and increase investment promotion. We will also continue to produce a variety of research papers, like the recent KPMG competitiveness studies, that both increase our understanding of market conditions and create new opportunities for growth.

All of these efforts are designed with one purpose in mind: to help Atlantic Canadians take full responsibility for the future of this region. As Secretary of State for ACOA, it is an objective I will continue to pursue.

The Honourable Fred J. Mifflin

B. Management Representation Statement

Report on Plans and Priorities 1998-99

I submit, for tabling in Parliament, the 1998-99 Report on Plans and Priorities for the Atlantic Canada Opportunities Agency.

To the best of my knowledge the information:

- Accurately portrays the department's mandate, plans, priorities, strategies and expected key results of the organization.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.
- I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

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

Peter Estey
Vice-President
Finance and Corporate Services

Date

J.D. Nicholson
President

Date

Section II Plans and Priorities

A. Summary of Key Plans, Priorities and Strategies

Over the next three years ACOA's plans will continue to focus on its strategic priorities and service lines outlined in Section III, Part A. These plans are designed to help small- and medium-sized enterprises in the region create new and lasting jobs for Atlantic Canadians. This commitment is consistent with the Government's *Jobs and Growth Agenda*: supporting greater productivity, international competitiveness and employment opportunities within the nation's SME sector. The Agency will also be working with its portfolio partners on areas such as youth, investments in the knowledge and information economy and technology. These will support private-sector innovation, trade and sustainable job creation in rural as well as urban communities of Atlantic Canada. What follows are the highlights of the major plans to be undertaken over the next three years and the results which are expected:

Atlantic Canada Opportunities Agency has a budget of \$320.7 million for 1998-99	
to help provide Atlantic Canadians with:	to be demonstrated by:
<i>Employment opportunities and increases in earned income through</i>	
✎ Investments in approximately 1,000 small- and medium-sized enterprises (SMEs) annually to help them create and maintain jobs for Atlantic Canadians.	<ul style="list-style-type: none"> ✓ Increased employment for the region. ✓ Increased number of new business start-ups.
✎ Contributions to Community Business Development Corporations (CBDC) investment funds to assist SME financing and counselling in rural areas.	<ul style="list-style-type: none"> ✓ 3,000 loans to SMEs with resultant jobs created and maintained in rural areas.
✎ More SME support services delivered at the local levels and other federal and provincial government departments' programs delivered through Community-Based Economic Development (CBED) organizations.	<ul style="list-style-type: none"> ✓ Increased number of government services/ programs accessible at the local level, particularly in rural areas.
✎ Funding to assist the Atlantic provinces achieve joint economic goals of sustainable job growth.	<ul style="list-style-type: none"> ✓ Increased jobs created and maintained. ✓ Increases in earned income. ✓ Increased domestic/export sales.

to help provide Atlantic Canadians with:	to be demonstrated by:
<p>✍ Increased opportunities to learn the process of becoming an entrepreneur and starting a business through entrepreneurship orientation, education and training.</p>	<ul style="list-style-type: none"> ✓ Giving every student from Kindergarten to Grade 12 and in the college system the opportunity to be exposed to entrepreneurship/enterprise curriculum by 2000. ✓ Tripling the number of students/youth involved in venturing programs from 400 per year in 1997/98 to 1,200 per year by 2000. ✓ Generating increased community support for youth entrepreneurship.
<p>✍ Networks and exchanges to promote dialogue, learning and partnering between business, government, educators and entrepreneurs, with a particular emphasis on women and youth.</p>	<ul style="list-style-type: none"> ✓ Assisting in the formation of a Young Entrepreneur Association. ✓ Assisting the Association of Atlantic Women Business Owners to increase membership by 25% by 2000.
<p>✍ Formal research-private sector partnerships and encouraging the extension of existing partnerships for technology services to SMEs.</p>	<ul style="list-style-type: none"> ✓ A minimum of 15 new research-private sector partnerships in 1998-99 contributing to the overall target of 45 new partnerships by the year 2000.
<p>✍ Advanced use of technology within the Tourism industry by supporting industry groups in their technology diffusion efforts.</p>	<ul style="list-style-type: none"> ✓ Adding 300 new active participants in industry networks.
<p>✍ Better and more modes of access, particularly in rural communities, to government business services.</p>	<ul style="list-style-type: none"> ✓ Increased access to Canada Business Service Centres' (CBSC) information to rural and urban communities through the Internet as well as a network of intermediaries such as Community Business Development Corporations.

to help provide Atlantic Canadians with:	to be demonstrated by:
<p>✍ Amended Ottawa-based procurement strategies for major federal contracts to maximize bidding opportunities for Atlantic firms and economic benefits to Atlantic Canada.</p>	<p>✓ Securing significant industrial and regional benefits for Atlantic firms on major defence procurements, such as:</p> <ul style="list-style-type: none"> - \$40 million on the Canadian Search and Rescue Helicopter; and - \$22.2 million for initial contract related to Leopard Tank Thermal Sight refurbishment and re-installation.
<p>✍ More SME participation in federal contracts in the space and high-technology sectors.</p>	<p>✓ Assisting the Canadian Space Agency (CSA) in realizing space objectives by working with Atlantic companies and CSA staff on space-related contracts/projects.</p>
<p>✍ <i>ACOA Business Information Sessions</i>, a series of seminars/workshops designed to deliver a wide range of business information and advice to prospective and existing entrepreneurs.</p>	<p>✓ Increased awareness of government programs and services available to business; increased understanding of market opportunities available to Atlantic businesses.</p>
<p>✍ Training and mentoring of potential exporters to export through NexPro or other export readiness training.</p>	<p>✓ An annual goal of 80 potential exporters having completed export-readiness training, contributing to an overall goal of 400 by the year 2000.</p>
<p>✍ Financial and advisory support to export-ready firms to assist them to establish first-time export sales.</p>	<p>✓ An annual goal of 80 SMEs as successful first-time entrants into the international market, contributing to an overall goal of 300 by the year 2000.</p>
<p>✍ Promotion of Atlantic Canada as a tourism destination through the Atlantic Canada Marketing and Product Development Initiatives and the Atlantic Canada Tourism Showcase.</p>	<p>✓ Increased tourism revenues, a return on investment of \$10 per dollar of Atlantic marketing campaign investment and an economic impact of \$26 million from the campaign in 1998.</p> <p>✓ Attendance of 120 Atlantic Canadian tourism operators and 70 North American (mostly from the United States) tour operators at Atlantic Showcase '98.</p>

to help provide Atlantic Canadians with:	to be demonstrated by:
<ul style="list-style-type: none"> ✎ A set of tools to promote and support the use of Business Management Practices (BMP) by SMEs: <ul style="list-style-type: none"> ✎ Diagnostic tool; ✎ Inventory/on-line database of training providers; ✎ Benchmarking/Performance comparison tool. 	<ul style="list-style-type: none"> ✓ Increasing the number of ACOA clients who have implemented or re-engineered their management practices, or have otherwise improved their management skills.
<ul style="list-style-type: none"> ✎ Improvements to the Agency's electronic connectivity with clients, provincial governments and partner organizations. 	<ul style="list-style-type: none"> ✓ More timely information, reduced paper burden (improved efficiencies), better information for decision-making.
<ul style="list-style-type: none"> ✎ A 5-year Employment Equity Plan at ACOA. 	<ul style="list-style-type: none"> ✓ Identification of any systemic barriers through one-on-one interviews with target group members, and sensitization of managers through workshops on managing diversity.

B. Departmental Overview

1. Roles, Responsibilities and Mission:

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

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 to help increase employment opportunities and earned income for Atlantic Canadians.

To fulfill its mandate, ACOA pursues two distinct goals:

- a) *to ensure that a wide variety of business development tools and resources serve the diverse needs of the region's emerging and existing entrepreneurs; and*
- b) *to ensure that all economic development programs and activities in Atlantic Canada are coordinated and designed to improve the climate for business growth generally.*

Since January 1996, ACOA has operated within the Industry Portfolio, which includes 13 departments and agencies that report to Parliament through the Minister of Industry. Its mandate, mission, objectives, priorities and services reflect the federal government's national *Jobs and Growth Agenda* to enhance:

- small- and medium-sized business development;
- trade and foreign investment;
- technology and innovation; and
- employment opportunities for young people.

The foundation of the Portfolio approach is a commitment by its members to effective cooperation and partnerships, a concept which is central to how ACOA addresses the needs and opportunities of Atlantic Canadian SMEs. ACOA's approach to economic development has been based on the partnerships it has forged with the business community (especially the SMEs), the provinces, other government departments and agencies, and various public and private sector economic development organizations.

2. Organization and Program Composition:

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

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

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

Organization Structure: ACOA's Head Office is in Moncton, New Brunswick. Head Office components are the Minister's office, the Secretary of State's office, the President's and the Executive Vice-President's offices, Policy and Programs, Corporate Affairs and Tourism, Finance and Corporate Services, Legal Services and Human Resources.

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

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

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

The President of ACOA is also President of the 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.

The organization chart, in Figure 1, page 16, illustrates the relationship between ACOA's organization structure and the Activity structure.

3. Corporate Objectives, Priorities and Strategies:

The Agency's objective as identified in its legislation is *"to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region"*.

Because new employment is the direct result of business growth, particularly among SMEs, ACOA seeks to provide people with the encouragement, advice, access to capital and information, and technology they need to start and expand their own businesses. Over the last 10 years, 90% of all new jobs were created by SMEs.

- **Strategic Priorities:**

ACOA's overall approach is guided by the strategic priorities of:

- Access to Capital and Information
- Business Management Practices
- Entrepreneurship Development
- Innovation and Technology
- Tourism
- Trade

- **Service Lines:**

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

Core Activities

Business Development Program (BDP): The BDP is designed to help SMEs establish, expand or modernize by offering access to capital in the form of interest-free, unsecured repayable contributions. It has a focus on those intangible projects critical to competitiveness, often not considered bankable by conventional lenders.

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

Communications: To help promote favourable economic change in Atlantic Canada by providing communication services that directly support and enhance the program and development activities of the Agency.

Community-Based Economic Development (CBED): CBED is a grass-roots action by members of a community to improve their economic conditions. Government can help by making its own resources more accessible and by forging links and partnerships among private and public sector stakeholders.

COOPERATION Program: COOPERATION Agreements are comprehensive, federal-provincial, cost-shared initiatives designed to improve the environment for economic growth.

Policy, Advocacy and Coordination: ACOA's advocacy of Atlantic Canadian interests is supported by a targeted program of economic and socio-economic policy research. The advocacy function is also advanced by ACOA's active role in the Ottawa-based federal procurement process. In this capacity, ACOA aims to bring more government contracts and industrial benefits to the Atlantic region. The policy and advocacy activities, in turn, serve to reinforce the Agency's efforts to bring a coordinated approach to economic development in the region.

Non-Core Activities

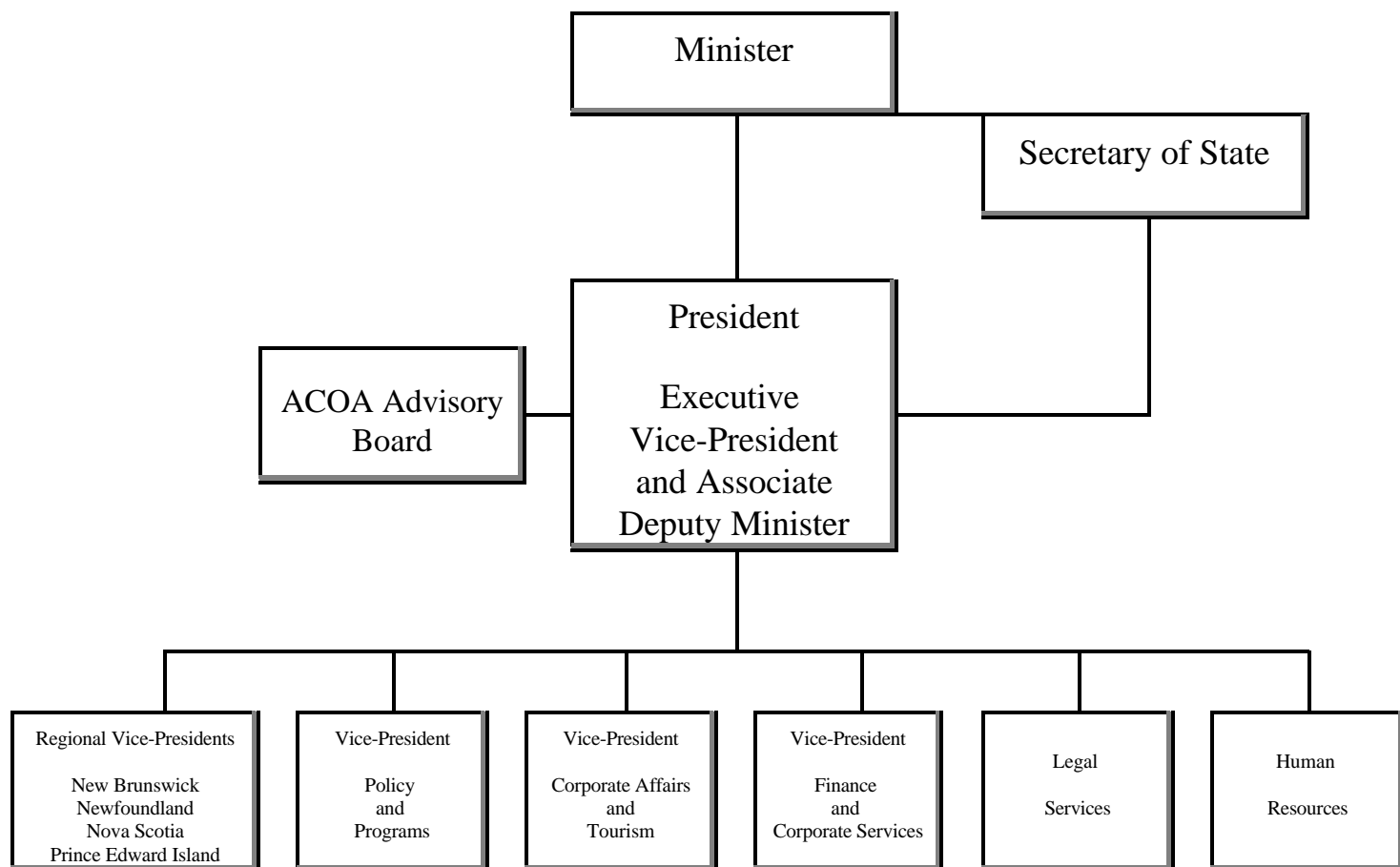
ACOA undertakes activities which do not constitute core service lines but are, nonetheless, vital to the general economic health of the region. Some of these include:

- Assisting communities in leveraging development project investments and in developing long-term employment opportunities in response to the downturn in the Atlantic groundfish industry.
- Base closure adjustment activities, generating economic diversification and new employment.
- Borden-Cape Tormentine redevelopment programs, generating new employment.
- Canada Infrastructure Works Program (CIWP), generating short- and long-term employment.

Figure 2, page 17, provides an outline of the linkage between strategic priorities and service lines to the Agency's mandated objective.

4. Resource Plans and Financial Tables

Figure 1: Relationship of the 1998-99 Organization to Business Lines



Business Line	Regions	Policy and Programs	Corporate Affairs and Tourism	Finance & Corporate Services	Legal Services	Human Resources	Program Total
Development 290 FTEs	278.9	23.3	3.8	3.1		0.4	309.5
Corporate Administration 95 FTEs	2.3	0.1	0.7	6.9	0.3	0.9	11.2
Total Planned Spending	281.2	23.4	4.5	10.0	0.3	1.3	320.7

(millions of dollars)

Figure 2: Relationship Between Strategic Priorities, Service Lines and Agency Objectives

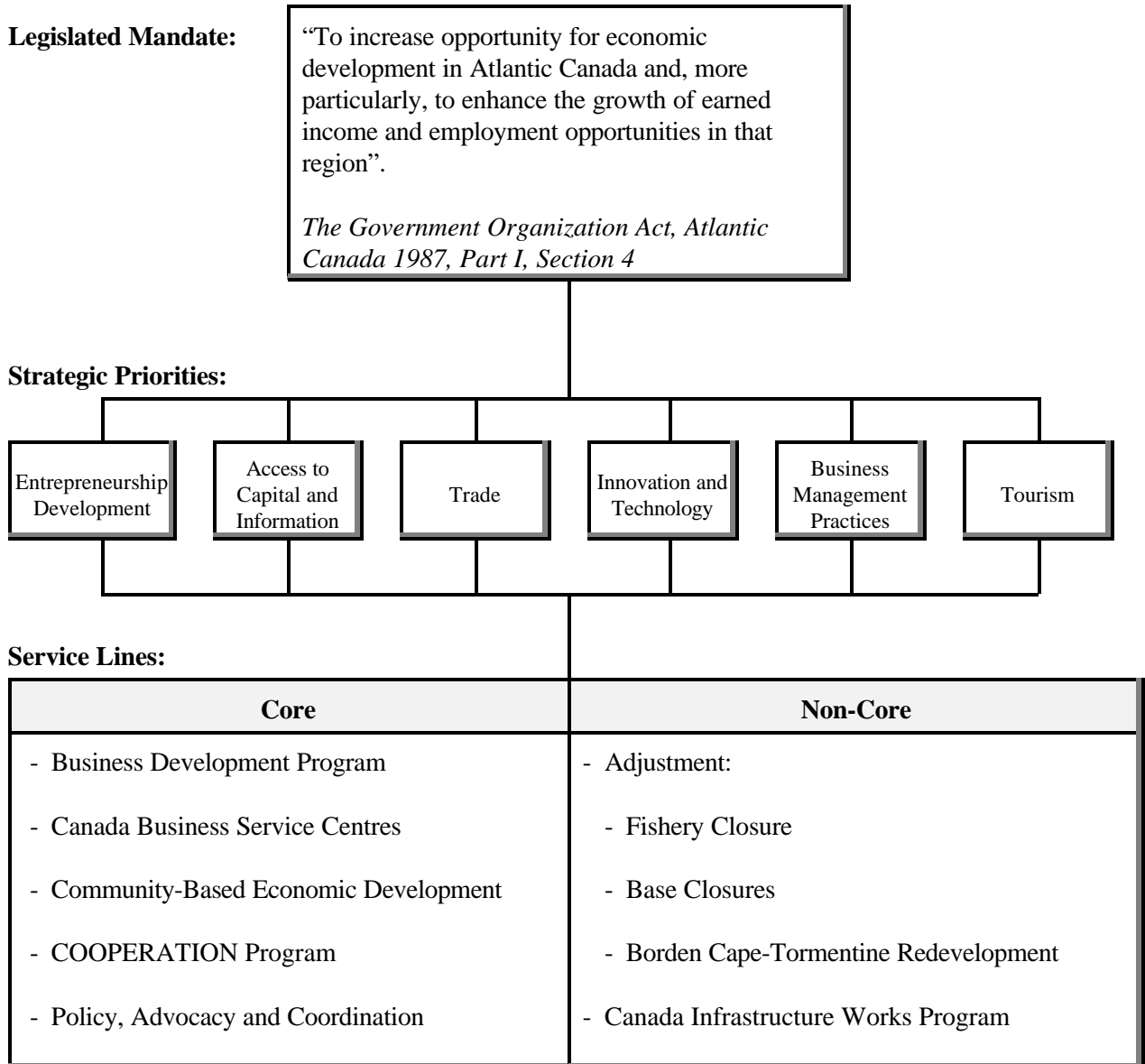


Figure 3: Financial Spending Plan

Agency Overview				
(millions of dollars)	Forecast Spending 1997-98*	Planned Spending 1998-99	Planned Spending 1999-00	Planned Spending 2000-01
Gross Program Spending	330.9	320.7	275.1	252.4
<i>Less:</i> Revenue Credited to the Vote	0	0	0	0
Net Program Spending	330.9	320.7	275.1	252.4
<i>Less:</i> Revenue Credited to the Consolidated Revenue Fund	25.6	40.6	40.1	38.9
<i>Plus:</i> Estimated Cost of Services Provided by other Departments	3.2	2.8	2.5	2.5
Net Cost of the Agency	308.5	282.9	237.5	216.0

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

C. External Factors Influencing the Program

1. Economic Outlook

Growth in the economy of Atlantic Canada is expected to accelerate in 1998, with Real Gross Domestic Product (GDP) forecast to increase by 3.0%, up from a gain of 1.5% in 1997. This rate of growth would be the strongest registered in the region since 1987 and compares favourably with the forecast national rate of 3.1%. During 1998, economic growth in the region will be supported by offshore oil production from Hibernia, highway construction, development of Sable Island gas and a rebound in the demand for forest products. Output in the goods-producing industries is expected to expand by 6.7%. Continued weakness in public sector activity will restrict growth somewhat in the service-producing industries to 1.7%. Employment in the region is forecast to increase by 1.8%, compared with a 2.3% increase for Canada. The rate of unemployment for Atlantic Canada is expected to fall to 13.6%, down from 14.0% in 1997.

The Atlantic economy is expected to strengthen further in 1999, with Real GDP forecast to increase by 3.6%, higher than the national rate of 3.2%. Strong growth in the Newfoundland economy, supported by production from Hibernia as well as development of the Voisey's Bay mineral complex, will be responsible for the region out-performing the national economy. Employment growth in the region is expected to be below the national rate (2.1% vs. 2.3%). The unemployment rate for the region is forecast to decline further to 13.1%.

2. Government Policy Framework

The federal economic policy framework continues to build on the fundamentals established in the *Jobs and Growth Agenda*: jobs; value of community; encouraging entrepreneurs; creating and fairly distributing wealth; innovation; export orientation; and efficient government. With the progress that has been achieved on the fiscal management front and the coincident dividend represented by the elimination of the federal deficit, the government's approach reflects a balance between the mutually reinforcing goals of building a strong economy and a strong society.

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

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

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

ACOA is committed to help enhance the vitality and support the development of English and French linguistic minority communities and to foster the full recognition and use of both English and French in Canadian society as expressed in Section 41 of *Part VII of the Official Languages Act*. ACOA's Action Plan for implementation of *Section 41 of Part VII of the Official Languages Act* details the Agency's activities to support the economic development of the official-language minorities in Atlantic Canada. The Agency's Action Plan will be revised in 1998. It will build on progress achieved in working with the Francophone communities in their economic development efforts. This initiative contributes to the federal government's commitment to the bilingual character of the country and to the protection and promotion of official-language minorities wherever they live.

3. Industry Portfolio

Since January 1996, ACOA has operated as a member of the Industry Portfolio, a change intended to bring about greater coordination among and between the regional development agencies and the other departments and agencies which make up the Portfolio. The Portfolio's mandate and focus reflect the priority the federal government's *Jobs and Growth Agenda* places on enhancing: SME development; trade and foreign investment; technology and innovation; and youth employment opportunities. Improved coordination, combined with the sharing of best practices information, enables the Portfolio to offer more effective and efficient programs and services and supports the government's commitment to encourage cooperation in economic development generally.

As a member of the Portfolio, ACOA has reinforced its capacity to be an effective two-way advocate. The Portfolio constitutes a vital, national advocate for business in general, and small business in particular, a role that is enhanced by the regional and local stakeholder and client networks, as well as service capabilities, that are unique to ACOA and the other regional agencies. The Portfolio has a lead role in the development and advancement of micro-economic and sectoral policy and the regional agencies bring an important local and regional dimension to this process. ACOA serves as the key, front-line contact point to federal government programs, services and policies for Atlantic Canadian small business. Consistent with the overall mandate of the Industry Portfolio, ACOA is directly involved in entrepreneurship development, trade and export activities, science, technology and innovation, business management practices, and access to capital and information. The Agency's approach to economic development, one of partnership and cooperation with clients and stakeholders alike, broadens its reach and the scope of its impact. This approach also has the benefit of being consistent with and supportive of the broader Portfolio commitment to effective cooperation and partnerships.

ACOA will continue to work closely with Portfolio partners and the Industry Portfolio Office in the development of Portfolio planning and coordination. This will include, for example, activities related to the Expenditure Management System and developing a medium-term planning strategy. The Agency will continue to directly and actively support key, strategic Portfolio initiatives in the areas of science and technology, trade and investment, youth programming and SME support. The Agency will work with Portfolio partners in support of a cohesive and coordinated approach to increasing public and stakeholder awareness of Portfolio contributions to the *Jobs and Growth Agenda*.

4. Federal-Provincial Context

Fiscal realities in recent years have created opportunities for federal-provincial coordination to focus economic development in the Atlantic provinces. ACOA was the lead federal department for the establishment of Canada Business Service Centres and for the rationalization of Community Economic Development in Atlantic Canada. Atlantic Canada's provincial governments have responded to improving fiscal conditions with an emphasis on health care and education. The provinces have continued to work in close cooperation with ACOA for economic development initiatives.

ACOA will maintain its strong working relationship with provincial governments to identify and address issues of common interest.

Section III Plans and Priorities by Business Line

A. Development

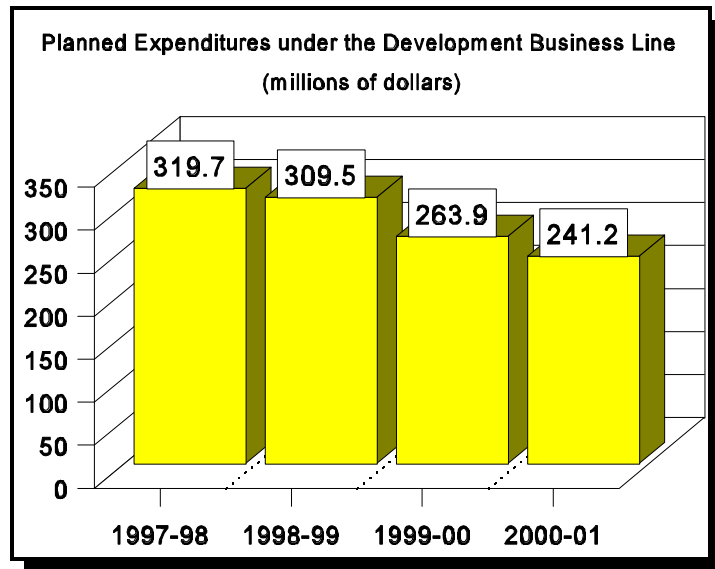
1. Objective:

Key Objective:

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

Figure 4: Planned Expenditures under the Development Business Line

The Development Business Line includes the Agency's program policy, planning, and delivery functions directly related to ACOA's mandate. The business line is divided into a number of service lines: Business Development; Canada Business Service Centres; Communications; Community-Based Economic Development; COOPERATION; and Policy, Advocacy and Coordination. These sub-service lines delineate the nature of the Agency's core business.



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

2. Plans and Priorities by Strategic Priority:





Access to Capital and Information

Key Objective:

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

Among the greatest barriers to the start-up and expansion of SMEs in Atlantic Canada is insufficient access to capital and information. Breaking down these barriers, in association with public and private sector partners, is a priority for ACOA. The Agency aims to fill the most critical financing gaps such as soft-cost investments in new technology, software, prototypes, staff training, trade development and quality improvement measures. These investments often do not meet either the banks' risk requirements or the size requirements of venture capitalists. ACOA helps with Access to Capital and Information by:

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

Plans and Priorities	Expected results
 Increase BDP activity in ACOA's strategic priorities.	✓ Increased BDP take-up by 5% annually in strategic priorities.
 Increase use of business studies and planning activities.	✓ Increased access to Consulting Advisory Services activities and CBSC inquiries by 10% over the three-year plan.
 Encourage formation of additional private sector investment funds.	✓ At least two (2) more funds operating in region.
 Improve knowledge and promote scope of private sector financing available to SMEs.	✓ At least five (5) surveys/consultant studies and five (5) conferences, seminars or workshops.

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

Business Management Practices












Key Objective:

To promote increased awareness and use of Business Management Practices (BMP) by SMEs.

- BMP is a key element in the success and growth of SMEs.
- Atlantic Canada ranks on a world competitiveness scale as 36 out of 47 in terms of management efficiency.
- The Atlantic Provinces Economic Council now recognizes that improved management skills and a greater use of BMPs play a significant role in business survival, growth and competitiveness.

Plans and Priorities

Expected Results

- | | |
|---|---|
|  Establish provincial (PEI & NFLD) public and private sector partnerships and complete the Atlantic Network to direct/promote the BMP priorities. |  Establish Atlantic BMP Partnership/ Network. |
|  Monitor the progress and results of research on core business management skills and/or practices and the “baseline” on the current levels of use of BMPs by Atlantic business to determine potential impact on program and policy development. |  Position Paper outlining policy and program development opportunities and initiatives for consideration. |
|  Hold a Roundtable of Atlantic BMP partners to disseminate the results of the research and map out future direction of the BMP effort. |  Increase SME awareness of the benefits of improved management skills and use of BMPs. |
|  Develop a set of tools for ACOA account managers and businesses to promote and support the use of BMP by SMEs: <ul style="list-style-type: none"> Diagnostic tool; Inventory/on-line database of training providers; Benchmarking/Performance comparison tool. |  Increase the number of ACOA clients who have implemented or re-engineered their management practices, or have otherwise improved their management skills. |

Entrepreneurship Development

Key Objective:

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

Target client groups: potential and emerging entrepreneurs and business support agencies.

Entrepreneurship development activities are key to ACOA's and the government's Jobs and Growth Agenda.

- Over 75% of gross new jobs in Atlantic Canada over the past five years have been created by business start-ups.
- A higher level of self-employment in an economy has been associated with higher levels of long-term job growth and GDP in Organization for Economic Cooperation and Development (OECD) countries.

To achieve the key objective, ACOA will help:

- create awareness of entrepreneurship as a career option;
- provide opportunities for people to learn the entrepreneurial process;
- facilitate the exchange of learning between and among entrepreneurs;
- increase small business support at the local and community levels; and
- pursue research which tracks business start-ups, small business growth and job creation trends and which explores high potential areas for new entrepreneurship development activity.

Plans and Priorities

✍ **Research/Evaluation** - Continue to contribute to the base of knowledge and understanding regarding entrepreneurship development practices and SME trends in the region.

Expected results

- ✓ Produce and distribute the publication "The State of Small Business and Entrepreneurship in Atlantic Canada" in printed and electronic format.
- ✓ Link research to Entrepreneurship Development policy and program development.
- ✓ Conduct research and consultations to determine what is required to enable aboriginals to achieve their entrepreneurship potential.

Plans and Priorities

- ✎ **Awareness and Promotion** - Continue to build the entrepreneurial culture through promotion of entrepreneurship and small business.
- ✎ **Education/Orientation** - Increase opportunities for people to learn the process of becoming an entrepreneur and starting a business through entrepreneurship orientation, education and training.
- ✎ Continue to provide targeted support to groups having special needs or high-growth areas such as youth, women, etc.
- ✎ **Training and Counselling** - Facilitate access to quality entrepreneurship training and counselling.
- ✎ Establish a Small Business Counsellor accreditation process through the Institute of Small Business Counsellors.
- ✎ **Network Building** - Help the development of network activities and exchanges to promote dialogue, learning and partnering between business, government, educators and entrepreneurs, with a particular emphasis on target groups such as women and youth.

Expected results

- ✓ Achieve an “intent to start a business” index of 18% by the year 2000.
- ✓ Every student from Kindergarten to Grade 12 and in the college system to have the opportunity to be exposed to entrepreneurship/enterprise curriculum by 2000.
- ✓ Triple the number of students/youth involved in venturing programs from 400 per year in 1997/98 to 1,200 per year by 2000.
- ✓ Increased community support for youth entrepreneurship.
- ✓ Provide every Atlantic Canadian entrepreneur/SME reasonable access to training, counselling and mentoring.
- ✓ Certify 50 Small Business Counsellors per year for next three years.
- ✓ The adaptation of existing training and counselling to support aboriginal economic development.
- ✓ Assist in the formation of a Young Entrepreneur Association.
- ✓ Assist the Association of Atlantic Women Business Owners to increase membership by 25% by 2000.
- ✓ Conduct a minimum of two conferences to allow networking opportunities for entrepreneurship development policy makers, practitioners, educators and entrepreneurs.

ACOA has taken the lead in developing and implementing a strategic framework for Entrepreneurship Development. As such, it is the only federal agency which has adopted Entrepreneurship Development as a key tenet of its regional economic development policy and consistently supported it over the years. The intended outcome is to increase the pool of people who have the motivation, knowledge, skills and ability to start their own business and to increase the number (and quality) of new entrepreneurs, new business start-ups and survival rates.

Innovation and Technology

Key Objective:

Increased SME productivity and revenues from development and commercialization of new products or processes and technology diffusion.

Strengthening the capacity of the Atlantic Region to develop, commercialize and diffuse technology is essential to ensuring the region's competitiveness in global markets. ACOA's innovation and technology strategy focuses upon:

- providing project-specific financing and advisory support for projects involving SME development, use and commercialization of technology, as well as infrastructure support to research facilities which provide services to SMEs;
- facilitating innovation in sectors strategic to the region, such as Ocean Industries/Marine Technology, Biotechnology/Biomedical devices, Space, Aquaculture and Information Technology; and
- supporting both domestic and international partnerships for technology development and commercialization, including research-private sector partnerships and partnerships between private sector firms.

Plans and Priorities

Expected results

- | | |
|---|--|
| <p> Facilitate international research and development partnerships under initiatives such as the Canada-Israel Industrial Research Development Foundation.</p> | <p> A minimum of four international research and development partnerships in 1998-99, contributing to the overall target of 15 by the year 2000.</p> |
| <p> Help to create formal research-private sector partnerships and encourage the extension of existing partnerships for technology services to SMEs.</p> | <p> A minimum of 15 new research-private sector partnerships in 1998-99 contributing to the overall target of 45 new partnerships by the year 2000.</p> |

Plans and Priorities

- ✎ Continuing to partner with provincial governments, the private sector and research community on initiatives to increase awareness, foster linkages between the business and research communities, enhance the human resource capability in technology, and improve access to financing.

Expected results

- ✓ The implementation of the actions set out in the Technology Roadmap will result in: increased communication and collaboration between research institutions and the private sector; strengthened overall innovative capacity of firms in the region; and improved access by SMEs to the human and financial resources needed for growth.

Tourism

Key Objective:

Implement initiatives that will enhance the framework in which tourism operators can increase economic growth and activity.

In 1997, the tourism industry generated an estimated \$2.5 billion in revenues in Atlantic Canada, of which \$440 million were paid to the federal and provincial governments.

Tourism-related jobs are estimated at 96,000.

In 1997, it is estimated that Tourism generated \$2.5 billion in revenues, of which \$440 million were paid to the federal and provincial governments in revenues. Employment is estimated at 96,000 tourism-related jobs in the region. Although tourism is a strong contributor to the Atlantic economy, further growth in this sector could produce an even greater impact on the regional economy.

ACOA works with provincial government and industry partners to:

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

Plans and Priorities

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

- ✎ Advance the use of technology within the industry by supporting industry groups in their technology diffusion efforts.

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

Expected results

- ✓ Increased tourism revenues, a return on investment of \$10 per dollar of Atlantic marketing campaign investment and an economic impact of \$26 million from the campaign in 1998.

- ✓ Create two new tourism products for international market places.

- ✓ 120 Atlantic Canadian tourism operators and 70 North American (mostly from the United States) tour operators to attend Atlantic Showcase '98.

- ✓ Add 300 new active participants in industry networks.

- ✓ Execute criteria for measuring industry management "best" practices.

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

Trade

Key Objective:

An increased number of new exporters and increased sales by existing exporters in current and growing markets.

Growth of the Atlantic economy is dependent upon improved export performance. Growth in export sales is also critically linked to increased employment. ACOA leads an integrated Trade strategy for the Atlantic Region on behalf of the Industry Portfolio.

ACOA's trade strategy involves:

- improving trade services to SME clients by promoting exporting as a growth option and providing:
 - export-readiness training to clients identified as potential exporters;
 - market information and intelligence to existing exporters; and
 - using ACOA's client database to target both potential and existing exporters;
- implementing the extended pan-Atlantic International Business Development (IBD) COOPERATION Agreement and engaging groups of companies in IBD activities in the marketplace;
- continuing to operationalize the Team Canada approach in the region as a regional partner for Team Canada; and
- playing an advocacy role for the region in national policy development and working closely with Team Canada partners in the design and delivery of trade programs and activities.

Plans and Priorities	Expected results
✎ Identifying potential exporters and providing the training and mentoring required to export through NexPro or related training.	✓ An annual goal of 80 potential exporters having completed export-readiness training, contributing to an overall goal of 400 by the year 2000.
✎ Providing financial and advisory support to export-ready firms to assist them to establish first-time export sales.	✓ An annual goal of 80 SMEs as successful first-time entrants into the international market, contributing to an overall goal of 300 by the year 2000.
✎ Using the Trade Toolkit to strengthen ACOA's service delivery capability and to increase trade activity supported by the BDP and trade-related components of COOPERATION agreements.	✓ An increased number and proportion of ACOA's clients intending to enter international markets, exporting for the first time or diversifying into new markets.
✎ Engaging companies to form networks and to launch IBD trade activities in key markets.	✓ An annual goal of 40 existing exporters diversifying their international markets, contributing to an overall goal of 150 by the year 2000.
✎ Developing, with industry associations, sector- specific export strategies for those sectors where market opportunities are identified.	✓ SMEs in those sectors increasing market penetration of existing markets and also initiating sales to emerging markets.

3. Plans and Priorities by Service Line:

Business Development Program (BDP)

Key Objective:

To provide Atlantic SMEs with greater access to capital.

Funding provided to approximately 1,000 SMEs annually to help create and maintain jobs.

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

Plans and Priorities

- ☞ Investments in approximately 1,000 SMEs annually to help them create and maintain jobs for Atlantic Canadians.

Expected results

- ✓ Increased employment for the region.
- ✓ Increased number of new business start-ups.
- ✓ Increases in sales (with export sales measured separately).
- ✓ Increased productivity (value added per employee).

Canada Business Service Centres (CBSCs)

Key Objective:

The CBSCs are set up to improve the start-up, survival and growth rates of small- and medium-sized enterprises by giving business people in every part of Canada access to accurate, timely and relevant information and referrals.

As the managing partner for the Atlantic region CBSCs, ACOA is responsible for planning, developing and implementing operational policies and procedures that define the products offered to ensure the information needs of SMEs and potential entrepreneurs are met.

Plans and Priorities	Expected results
✎ Provide client-centred business-related service.	✓ Maintain high levels of client satisfaction to be determined through client surveys.
✎ Facilitate, simplify and provide effective modes of access to government business services to rural and urban communities outside provincial capitals.	✓ Increased access to CBSC information through the Internet as well as a network of intermediaries such as Community Business Development Corporations.

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

Communications

Key Objective:

To help promote favourable economic change in Atlantic Canada by providing communications services that directly support and enhance the Agency’s program and development activities.

The communications service line includes all advertising (including motivational advertising), publicity and public education undertaken to promote favourable economic changes in Atlantic Canada. It includes awareness and promotion campaigns in support of ACOA programs.

Plans and Priorities	Expected results
✎ Continued expansion of CBSC information base through a network of intermediaries such as community-based development corporations, using Internet.	✓ Improved communications with SMEs and other economic development stakeholders in rural as well as urban areas.
✎ Promote entrepreneurship and small business as a viable employment option.	✓ Greater client access to business information.
	✓ Achieve an increase in the “intent to start a business of 18% within the next two years” among Atlantic Canadians.

Plans and Priorities

- ✎ Develop, promote and implement the *ACOA Business Information Sessions*, a series of seminars/workshops designed to deliver a wide range of business information and advice to prospective and existing entrepreneurs.
- ✎ Promote the benefits of exporting to SMEs; and inform SMEs of the growth opportunities that exist for Atlantic firms in international markets and of the resources available to assist them with initiating or expanding export activities.
- ✎ Develop and implement a Business information advertising campaign designed to direct people to sources of business information and advice in Atlantic Canada.

Expected results

- ✓ Increased awareness of government programs and services available to business; increased understanding of market opportunities available to Atlantic businesses.
- ✓ Increased awareness of exporting opportunities and of government resources available to assist SMEs to develop export markets.
- ✓ Increased awareness of what business information sources exist and how to access them.

Community Based Economic Development (CBED)

Key Objective:

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

Community-based economic development has proven to be one of the most cost-effective ways by which the government can support job creation.

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

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

Plans and Priorities

- ✎ Provide contributions to the CBDCs' investment funds to assist SME financing and counselling in rural areas.
- ✎ Through advocacy and networking, increase the number of regional strategic alliances to improve client service and the coordination and integration of activities.
- ✎ Identify SME support services which can be more effectively delivered at the local level and encourage other federal and provincial government departments to use CBED organizations to deliver their programs.

Expected results

- ✓ 3,000 loans to SMEs with resultant jobs created and maintained in rural areas.
- ✓ Increase in the number of regional strategic alliances and in community and private sector participation in community-based economic development.
- ✓ Increased number of government services/ programs accessible at the local level, particularly in rural areas.

C COOPERATION Program

Key Objective:

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

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

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

These comprehensive agreements:

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

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

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

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

By province, the agreements will focus on:

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

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

Policy, Advocacy and Coordination

<i>Key Objectives:</i>
<ul style="list-style-type: none"> • To provide a sound basis for the Agency’s strategic policy priorities and programs; • To advocate Atlantic Canada’s interests, priorities and concerns in federal government policy making, program design and project selection; and • To influence the government’s procurement agenda to bring more and better contracts and industrial benefits to the Atlantic region.

a. Advocacy and Coordination:

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

Core objectives of the Advocacy and Coordination functions include:

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

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

ACOA's Regional Networks:

- provincial counterparts;
- Portfolio partners and other federal departments;
- a broad range of public and private sector stakeholders; and
- the SME community.

ACOA's Ottawa Networks:

- weekly Deputy Minister and Assistant Deputy Minister level meetings;
- a broad range of interdepartmental meetings and committees;
- presentations and speeches on subjects of strategic interest to Atlantic Canada to other government departments, national associations, etc.; and
- meetings of the various Portfolio committees on government and portfolio priorities (e.g. science and technology, youth, communications).

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

b. Economic Policy and Research Agenda:

The Agency's policy and research agenda comprises internally-driven research activities and research carried out by and with external partners on a range of economic and socio-economic topics. A forward-looking research plan is maintained which reflects and supports: key federal policies; ACOA strategic priorities and program initiatives; emerging regional, provincial and local economic issues; structural challenges and opportunities in the Atlantic economy; and sector-specific considerations. The approach provides for a research orientation which optimizes stakeholder interest and engagement through an expanding network of regional partners including public policy organizations, universities and the economics community, business associations and individual firms.

Over the past two years, the core theme of the policy research agenda has been the competitiveness of Atlantic Canada's economy, beginning with an extensive effort to benchmark the region's competitiveness based on international standards and current economic thinking. It is intended to continue to develop this focus, which will be further supported by closer examination of specific aspects and determinants of productivity and economic competitiveness crucial to the region's development. The research agenda will also feature closer examination of sectoral areas of strength and opportunity, as well as issues related to the knowledge-based economy and the development and diversification of rural and coastal regions.

One of the key innovations by the Policy unit, in terms of developing research topics and economic intelligence with the regional stakeholder community, has been the series of Roundtables. This has proven a most useful vehicle for policy consultation with stakeholders throughout the region, covering topics such as Community Economic Development, The Role of Universities in Economic Development, Demographics, Aquaculture, Entrepreneurship, Competitiveness, Francophone Roundtable on Rural and Coastal Development, and the Role of the Social Economy in Atlantic Canada.

c. Procurement and Industrial Benefits Strategy:

The advocacy function is also advanced through a corporate procurement advocacy strategy which influences the government's procurement agenda to bring more and better contracts and industrial benefits to the Atlantic region.

Plans and Priorities

- ✎ Emphasize SME participation in federal contracts in the space and high-technology sectors.
- ✎ Amend Ottawa-based procurement strategies for major federal contracts, as required, to maximize bidding opportunities for Atlantic firms and economic benefits to Atlantic Canada.
- ✎ Continue to participate in development of federal procurement policies to maintain effectiveness of Industrial and Regional Benefits policy levers.
- ✎ Participate with the CSA in developing regional targets for a Long-Term Space Plan.
- ✎ Promote regional companies to prime contractors bidding on national contracts by conducting Atlantic plant tours, facility inspections, company visits and information seminars.
- ✎ Develop S&T policies with other federal decision makers who recognize the S&T challenges, realities and potentials facing the Atlantic economy and the region's SMEs.

Expected results

- ✓ Secure significant industrial and regional benefits for Atlantic firms on major defence procurements, such as:
 - \$40 million on the Canadian Search and Rescue Helicopter; and
 - \$22.2 million for initial contract related to Leopard Tank Thermal Sight refurbishment and re-installation
- ✓ Assist the Canadian Space Agency (CSA) in realizing space objectives by working with Atlantic companies and CSA staff on space-related contracts/projects.
- ✓ Increase business opportunity prospecting/marketing for regional companies by conducting prime contractor tours of regional facilities as well as information sessions of regional company capabilities.
- ✓ Increase the number of jobs created by increasing Atlantic region participation on major federal contracts.
- ✓ Incremental investments in the region as a result of federal initiatives and procurements.
- ✓ Increased awareness of Atlantic Canada's S&T potential by other government departments.

Fishery Closure: Economic Adjustment Measures

Key Objectives:

- **To assist communities lever development project investments and to develop long-term employment opportunities in response to the downturn in the Atlantic groundfish industry; and**
- **To improve the climate for private sector investment and entrepreneurship.**

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

Expected result: Jobs to be created or maintained.

Base Closures

Key Objective:

To help create new jobs and economic activity to help offset the economic impact of Base closures.

Special funds have been established in a number of communities in Atlantic Canada which have been affected by recent Canadian Forces Base closures. In addition, a fund was established to assist the community of Argentia after the closure of the United States facility there. Funds are typically managed by local authorities or Boards who lead the development of short- and longer-term job creation and economic diversification strategies to help offset the impact of the closures. The focus of these strategies may vary by location (e.g., tourism development, information technology firms).

Expected result: Jobs to be created or maintained.

Borden-Cape Tormentine Redevelopment

Key Objective:

To help create jobs to offset the employment and wage effects caused by the termination of the ferry service.

The tripartite agreement between the Government of Canada, the Province of Prince Edward Island and the Province of New Brunswick, dated December 16, 1992, commits the Government of Canada to allocate funding to pursue development opportunities for the Borden, Prince Edward Island and Cape Tormentine, New Brunswick areas. Two distinct sub-programs are the Borden Area Redevelopment Program and the Cape Tormentine Area Redevelopment Program. They assist in the attraction of economic activity projects, the diversification of the economic base and the generation of sustainable employment opportunities.

Expected result: Jobs to be created or maintained.

Canada Infrastructure Works Program (CIWP)

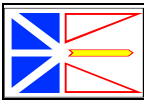
Key Objective:

To generate short- and long-term employment while enhancing economic productivity and environmental quality and accelerating economic recovery.

ACOA, in concert with the Atlantic provinces, delivers the CIWP in Atlantic Canada. Over \$760 million will be invested in Atlantic Canada during the five-year life of the Program. This includes federal contributions of \$181.1 million from CIWP-1, and an additional \$38.045 million in federal “top-up” assistance (CIWP-2) which was added to the original program in 1997. All funds will be fully committed by March 1998 and projects completed by March 1999. Priority for the planning period will be to monitor the completion of the projects.

Expected result: Better public infrastructure, short- and long-term jobs.

4. Plans and Priorities by Province:



Newfoundland and Labrador

Economic Context

Newfoundland currently stands alone in Atlantic Canada, having been devastated by the collapse of the groundfish industry - the very backbone of its rural economy. The sharp decline in fish stocks came at the same time as the North American recession in the early 1990's. Since then, downsizing within the private sector and all levels of government has kept employment levels from recovering and has resulted in an exodus of young people. Even the mammoth Hibernia construction project (1992-96) was not able to offset the drag caused by the structural changes that have taken place over the past six years. Perhaps even more important, the tightening of the EI program has forced young people and seasonal workers to reconsider their prospects for employment in Newfoundland and Labrador.

With employment declining by over 8% between 1990 and 1996, the result has been an acceleration in the rate of out-migration. Newfoundland experienced a net loss of over 7,000 per year over the 1993-96 period. Net out-migration for 1996 was 8,380 - the largest annual net loss ever recorded. Early indications for 1997 show a further erosion of approximately 22.6% over 1996 numbers, for a projected net out-migration of 10,270. These population losses have been most evident in rural areas, with declines in the 5-10% range over the past five years. It is estimated that one in five young people (ages 20-24 years) left Newfoundland over this period. Most urban centers exhibited modest declines, while St. John's experienced a small increase.

Ironically, the province is likely to perform well above normal and better than the country as a whole over the next 3 - 5 years, spurred on by growth in the offshore oil industry (three producing fields anticipated by 2003), the Voisey's Bay Nickel Company mine and smelter, an oil transshipment facility, a renewed fishery built upon emerging new stocks of shellfish, a new operator for the Marystown shipyard and several other industrial and mining related projects across the province. Indeed, positive employment growth over the last three months suggests an end to a six-year period of employment decline. However, with 195,000 employed in November of 1997, Newfoundland still has a long way to go to reach the 205,000 level recorded in 1989.

Commensurate with increasing business confidence levels in Newfoundland, ACOA experienced an improvement in business support activities over the past year, and indications are that 1998 will see a similarly high level of small business investment. While growth is occurring, the activity levels obtained in previous periods are not expected. The Canada-Newfoundland Agreement on Economic Renewal and the newly signed Canada-Newfoundland Comprehensive Economic Development Agreement will both provide stimulus in their respective targeted areas.

Overall, many challenges still exist for rural Newfoundland. ACOA Newfoundland intends to work closely with federal and provincial partners, with the Regional Economic Development Boards and with industry, to ensure maximization of opportunities within all areas of economic strength.

ACOA Plans and Priorities

Aboriginal Economic Development: ACOA will continue to enhance the provision of the full range of programs by scheduling itinerant services in Aboriginal communities. In addition, ACOA will provide advice to the Innu related to economic development opportunities which they could possibly take advantage of as a result of the Davis Inlet relocation project.

Business Development Program: ACOA expects to help create or maintain jobs over the planning period in Newfoundland based on an annual budget of \$30 million. The added stimulus provided by the Canada-Newfoundland Agreement on Economic Renewal can be expected to increase activity in the aquaculture, tourism and advanced technology sectors. Planned oil and mining industry developments are also expected to stimulate small business developments, particularly in the areas of oil/mining and environmental services industries. A strategic sector-based approach will be taken which will build on existing successful companies and ways to assist them in seizing new opportunities in their areas of expertise.

Coordination of Federal Economic Development Activity: A priority will be placed on policy research and analysis particularly with respect to major issues and opportunities affecting development of the Newfoundland economy (e.g. advanced technology, youth employment, human resource development and community economic development). Joint strategic planning with the Province will be a priority with emphasis on rural Newfoundland and the knowledge-based economy, and other federal departments will be encouraged to participate. ACOA's leadership role in chairing and coordinating the activities of the Newfoundland Federal Regional Council also provides a venue for the coordination of economic development, and other issues which span across federal department lines.

Community-Based Economic Development: The zonal approach to rural economic development is being adopted by communities, the Province and ACOA to build stronger communities through strategic initiatives. Through this process, the Regional Economic Development Boards are becoming the lead agents of rural economic development. The focus over the planning period will be funding support to these Boards for implementation of their strategic plans which can result in long-term job and wealth creation.

COOPERATION: The new Comprehensive Economic Development Agreement will focus mainly on non-commercial activities in the areas of trade and investment, technology, entrepreneurship, community economic development and strategic sector development. The Strategic Regional Diversification Agreement will continue to be used to support community initiatives.

Canada Business Service Centre: The CBSC in Newfoundland will expand access to its services by implementing a partnership arrangement with the Government of Newfoundland and Labrador, and by involving other economic development intermediaries throughout the province. Electronic outreach to rural areas is a major component of this initiative.

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

Base Closures: ACOA will continue to provide administrative support and advice to the Argentia Management Authority (AMA) and Gander Worldwide during the planning period. In Argentia, the Agency will seek to build upon the Inco Limited announcement regarding the planned establishment of a \$1.5 billion nickel and cobalt smelter and refinery. In addition to assisting the AMA to capitalize on the significant potential for related industries, ACOA will actively encourage the further expansion and diversification of the area's economy through the continued development of projects previously identified, and the targeting of new opportunities. The downsizing at Gander, which is greater than originally anticipated, and the privatization of services at Goose Bay will present challenges.

Canada-Newfoundland Agreement on Economic Renewal: This \$100 million federal-provincial agreement, which will continue until the year 2001, will build on the substantial achievements which it has facilitated to date. Three strategic sectors are targeted under the Canada-Newfoundland Agreement on Economic Renewal (advanced technologies, tourism and aquaculture) and emphasis will be placed on improving the investment climate in these sectors in order to help create jobs.



Nova Scotia

Economic Context

The Nova Scotia economy is expected to show the strongest growth in Atlantic Canada in 1997, at 2.4% in real terms, and this growth trend is forecast to continue over the next two years. In contrast with other Atlantic provinces, Nova Scotia has had a good year in construction, notably with the \$750 million expansion at Stora Forest Products to add a super-calendared paper line, and the \$113 million Highway 104 project between Truro and Amherst. These projects are now winding down. Prospects for 1998 are even more promising. Now that approval for the offshore development and pipeline proposal has been obtained, construction of the \$3 billion Sable Offshore Energy Project is expected to commence in 1998. The Province has just announced a \$360 million school construction program which will include 36 new school and major renovation projects and upgrades to 57 additional schools across the province, through public-private partnering arrangements. Dalhousie University has just awarded a \$12 million contract for construction of a new Arts and Science building and Saint Mary's University is currently building a new Commerce centre. These projects will enable growth in the construction sector to jump by more than 20%. Completion of the Stora paper mill in early 1998 should bring stability to both the forestry and manufacturing sectors once the mill comes on stream. The decline in construction activity related to the Sable Gas Project by about 2000 should coincide with a sharp rise in the mining and manufacturing sectors as production begins, reversing a steady decline in Nova Scotia's mining sector since 1992, which was primarily based on the wind down of production from the Cohasset/Panuke oil fields. The Sable project has the potential to make Nova Scotia a Canadian growth leader by 2001.

Investment intentions are robust, especially in the manufacturing, transportation and communications industries. The communications sector was recently given a boost with the announcement by AT&T of a \$9 million call centre in Halifax, forecast to create approximately 1,000 jobs. Container traffic at the Port of Halifax is up 19% over last year, and a new forest products shed has been constructed. Further investment in infrastructure for both the Port and the Halifax International Airport will be necessary to ensure future opportunities are realized. Government spending is forecast to remain flat in 1998, following several years of decline. The challenge for ACOA is to ensure balanced economic growth in all areas of the province, particularly in rural Nova Scotia.

ACOA Plans and Priorities:

ACOA's priorities for Nova Scotia focus on a number of areas identified as strengths in terms of their opportunity for growth and job creation throughout the province. The economic opportunities associated with the construction and development of the \$3 billion Sable Gas Project over the next two years will be a focus of the Agency. ACOA will work with industry and other governments to optimize both the short- and long-term benefits from this project, which is currently one of the most significant business opportunities in Atlantic Canada. Building on a dynamic business base, and through its various program instruments and coordination and advocacy activities, a focus on information technology will also be a key component of the Agency's future endeavours. Other priorities include: youth employment, native economic development, procurement, education, transportation, tourism, ocean and environmental industries, cultural industries, community economic development and trade.

Business Development Program: ACOA expects to help create or maintain jobs in Nova Scotia based on a forecasted investment in projects of about \$25 million a year. ECBC will similarly invest \$8.5 million per year in Cape Breton.

COOPERATION: The Canada/Nova Scotia COOPERATION Agreement on Economic Diversification (\$240 million) will focus on priority areas identified by the private sector/public sector discussion groups. These areas, which reflect the Agency's own priorities, include: education and research, transportation, culture and heritage, oceans and environment and trade. Private-sector-led strategic plans will be developed in areas where they are not currently available. Where strategic plans do exist, initiatives consistent with the Agreement objectives and priorities will be undertaken. Measurable objectives will continue to be established for each project, and a new information system is being implemented to improve results monitoring.

Community-Based Economic Development: A network of local economic development organizations now exists serving all parts of the province. These Regional Development Authorities (RDAs) will take on a more active role in leading and coordinating economic development activities in their areas and mechanisms will be in place to show specific results and achievements. The Community Business Development Corporations (CBDCs), which do community-based lending, will expand their loan portfolios and seek service delivery opportunities that will enhance the goal of self-sufficiency. RDAs and CBDCs throughout the province will strive to more closely integrate their services and infrastructure, building on a number of successful models now in place. ACOA will utilize these community organizations in delivery of specific services, such as counseling and small-scale lending, as well as in responding to the development and diversification needs of rural areas, in particular coastal communities most affected by the decline in the fishery.

Base Closures: ACOA will be involved in encouraging the five base agencies to be proactive economic development organizations as these organizations continue to evolve and mature. Cornwallis, Mill Cove and Shearwater have expended their ACOA diversification funding. Cornwallis and Mill Cove will continue their proactive economic development work in their respective areas. Shearwater will form a strategic partnership with the Province of Nova Scotia in support of the long-term economic potential of the metro Halifax area. Shelburne is expected to focus on the film development industry and Debert will pursue development opportunities in the manufacturing and information technology areas.

Canada/Nova Scotia Business Service Centre: The Canada/Nova Scotia Business Service Centre is a joint venture of the federal and provincial governments. It provides information and referral services to the business public. There is also an office located in Cape Breton managed by Enterprise Cape Breton Corporation. The Centre incorporates business development program delivery through the on-site location of federal, provincial and private associations. Objectives over the planning period include: regionalization of the Centre's information services, by working with existing economic development organizations to improve business access to the Centre's resources; making full use of the Internet to convey information as well as business planning tools; and expanding the Centre's information base in response to the needs of the business clients.

Coordination of Economic Development Efforts: The Federal Economic Development Coordinating (FEDC) Sub-Committee of Federal Council, in continued partnership with provincial Deputy Ministers involved in economic development, will work on education-economy linkages and look at ways to maximize the benefits from major economic development projects in the province such as Sable Gas. The group will also coordinate and collaborate its initiatives in aquaculture, environmental and oceans industries. Other initiatives which the Nova Scotia Federal Council will focus on include: to coordinate a human resource data base and market for exporting Nova Scotia expertise in public administration and management, to coordinate existing federal programs and services for youth in the Province and, through its Policy Sub-Committee, to advance the economic interests and maximize the opportunities in the province from major national policy initiatives.

Communications: The Communications Division will continue to provide ongoing support in the promotion of ACOA activities and results to Agency stakeholders.



Prince Edward Island

Economic Context

The building of the Fixed Link, strong potato prices and the rapid expansion of the potato processing industry resulted in a positive surge in the province's economy for the period of 1994 to 1996. The completion of the Fixed Link in the spring of 1997 saw, however, the end of nearly 2,000 construction jobs in the economy and prices for the 1997 potato crop were weak.

The Provincial Government recorded a balanced budget in 1995/96, however, it incurred a deficit in 1996/97 and the actual budget for the 1997/98 fiscal year includes a \$17 million deficit. Cuts in federal transfer payments have had negative impacts on the province's economy.

The past two years have shown Prince Edward Island's employment growth as exceeding that of the other Atlantic provinces. The end of the Fixed Link project will, however, result in neutral or negative growth in employment in 1997/98 but a positive growth is anticipated for 1998/99 due to increased tourism.

ACOA recognizes that the Business Development Program (BDP) continues to require a proactive effort with the business community in order to impress upon them the veracity of the benefits of the programming to their business development and business establishment aspirations. The federal/provincial Regional Economic Development Agreement (REDA) emphasizes the strategic priorities of both levels of government. Major aims are to support the establishment and upgrading of appropriate economic development infrastructure. Priority areas for Prince Edward Island include tourism development, aerospace, manufacturing, focusing on processing, biotechnology and innovation, particularly with regard to food, animal product and aquaculture development activities. Given Prince Edward Island's economic history as an export trader, the further development of export-related entrepreneurs will also constitute a major priority.

ACOA Plans and Priorities

Business Development Program: ACOA expects to help create or maintain jobs in Prince Edward Island based on an annual projected budget of \$11.6 million for the 1997/98 period. Areas of particular activity are expected to be in processing type manufacturing, biotechnologies, aerospace, tourism and aquaculture.

Coordination of Economic Development Efforts in Prince Edward Island: The new federal/provincial REDA was designed to promote coordination between the two levels of government. Within the federal level of government, ACOA will continue its coordination efforts through the Federal Regional Council to harmonize federal efforts in the economic development field. The planning program in the REDA will ensure a joint strategic planning process with the Provincial Government. ACOA will help institute critical infrastructure necessary for the development of the knowledge-based sector of the economy.

Rural Community Economic Development: ACOA has served as a major driving force in the development of four major rural economic development organizations to replace ten previous organizations. ACOA is presently completing, in partnership with the province, an examination of the strategic roles and relationships of these organizations with those of federal and provincial economic development agencies. This effort should help increase overall efficiencies in economic development efforts in rural Prince Edward Island.

COOPERATION Agreement: The 1996-2001 Agreement supports general strategic economic development efforts in the tourism, knowledge-based economic development, export trade and prospecting, value-added manufacturing, aerospace and aquaculture sectors.

Canada Business Service Centre: Besides day-to-day service to a growing number of business clients, efforts continue to offer network servicing equally throughout the province through linkages with the provinces regional service centres.

Communications: The Prince Edward Island communications strategy focuses on direct communications with clients through an enhanced provision of information to the business support network. Communicating the importance of Prince Edward Island's role in the knowledge economy along with other priorities form the basis of communications activities at the strategic and program levels for 1998/99.

Borden-Carleton Redevelopment: ACOA has supported development in this community and will continue to support the expansion and diversification of the Gateway Village, as well as other appropriate economic development opportunities. In 1998, new business establishments are expected to occur in the Business Park. The Light Industrial Mall will be expanded and tenants will complete upfits to their enterprises. There are several community economic development projects designed to take advantage of the community's comparative/natural advantage in Tourism (500,000 visitors to Gateway Village). The feasibility study on the Aqua-Marine complex will be completed in the spring of 1998. In 1998, we will see efforts concentrated in key infrastructure areas designed to diversify the economy of the community in the wake of the cessation of the Marine Atlantic Ferry Service and in so doing foster new employment opportunities and a new tax base for the community.

Knowledge Economy Partnership (KEP): A significant new initiative of ACOA is an information technology initiative signed in February, 1997 by Prime Minister Jean Chrétien and Premier Pat Binns.

It represents a collaborative effort by the Province of Prince Edward Island, Holland College, the University of Prince Edward Island and the Government of Canada. Federal principals include ACOA, Human Resources Development Canada, Agriculture and Agri-Food Canada and Fisheries and Oceans Canada.

The focus of the KEP is on service delivery, enterprise development, knowledge transfer and the development and implementation of common infrastructure between the private and public sectors. KEP will also permit rural communities to access information and services, provide better and more effective services, while reducing duplication and overlap. It will help create jobs and opportunities in knowledge-based industries.

In its first year of operation, 24 projects valued at more than \$900,000 have been initiated.



New Brunswick

Economic Context

For New Brunswick, 1997 was a year of relatively low real economic growth of 1.0 percent, compared to Canada's 2.4 percent. Weak growth in non-residential construction has been a factor in New Brunswick's relatively poor performance. A significant turnaround is anticipated with the New Brunswick economy forecasted to outperform the Canadian economy in both 1998 and 1999 by 0.2 and 0.6 percent respectively. Highway construction is a significant factor in the economy's performance. Construction of the four-lane stretch of the Trans Canada from Fredericton to Moncton, at a capital cost of \$600 million, is expected to add 0.7 percent to the provincial real GDP in each year from 1998 to 2001 inclusively.

In the 1998 Throne Speech delivered on November 25, 1997, the New Brunswick Government has indicated that its job creation effort will continue to focus on call centres, information technology businesses, textiles and tourism but will also include "new" (meaning "other") sectors such as plastics and metalworking. Emphasis will continue to be placed on value-added processing, particularly in the wood industry and in other resource sectors. Job creation in rural areas continues to be a focus. Tourism is considered to be the basis from which jobs can be created in rural areas. Also, the provincial government will be undertaking a new Cottage Industry (eg. craft) Development Initiative for rural areas. Information technology and the knowledge sector continue to be strategically important and viewed as the source for "jobs of the future". In partnership with universities and colleges, a new Work-Ready Workforce initiative for information technology firms will be developed and implemented.

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

ACOA Plans and Priorities

Business Development Program: The BDP, as the Agency's primary tool to provide financial assistance to SMEs and non-profit organizations with business-support activities, is expected to generate between \$25-30 million in project investment. This investment is expected to result in increased business start-ups and employment in the province, improved productivity, increase in export sales and import replacement of goods and services.

Community-Based Economic Development: The primary objectives are to: develop and support tools to improve the operations of the CBED partners; help create and maintain jobs; help refocus some of the Regional Economic Development Commissions on their key mandate of SME assistance; increase private sector participation in the governances of the Community Business Development Corporations and the Regional Economic Development Commissions; and, increase the number of programs delivered by CBED organizations where it is feasible and eliminates some paper burden for the client.

Coordination Activity: At the local level, ACOA will help coordinate the delivery of programs and services targeted to small business by encouraging ACOA's partners to participate in the development of a common workplan from which all partners can then take responsibility for implementation of elements pertinent to their respective jurisdictions. The ACOA New Brunswick office will coordinate its investment activities with provincial and other federal departments to ensure that sound investment projects are identified and promoted. ACOA will provide leadership in supporting universities to take maximum advantage of the funding available from the Canada Foundation for Innovation.

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

Regional Economic Development Agreement: The Agreement will provide support for: the development and expansion of the economic base; improved competitiveness; sustainable job growth; development of small- and medium-sized businesses; and the development of human resources in the province. The Agreement will focus on non-commercial infrastructure needs with each proposal subjected to a business case analysis, including measurable outputs and targets. To date, the Agreement has supported projects largely in the areas of tourism, innovation and technology, aquaculture and biotechnology. Focus on rural-type initiatives will continue in 1998/99 with support for eco-tourism travel ready products involving beach development and day adventure centres as well as support for Sentier NB Trails.

Aboriginal Economic Development: ACOA will continue to participate in the Joint Economic Development Initiative (JEDI) for Aboriginal peoples, which is a coordinated effort of the federal and provincial governments and the Aboriginal communities and organizations. Projects which have been funded under the Aboriginal Economic Development Fund, under the Canada/ New Brunswick Regional Economic Development Agreement, will be evaluated. The Management Committee of the Agreement will be advised on strategic priorities for future funding initiatives which contribute to Aboriginal economic development. ACOA will continue to provide business support and education services to the New Brunswick Aboriginal population.

Base Closures: In Moncton, ACOA will continue to monitor the implementation of programs by the Moncton Response Group in its last year of funding. A sub-program aimed at helping displaced base workers start small businesses has been very successful with 28 business start-ups and has expired in May 97; the other sub-program focussing on non-commercial economic development will continue for one year. In Miramichi, the Agency will continue to monitor progress as development funding and responsibility have been transferred to the Province in this area.

Tormentine Redevelopment: Projects funded under this initiative create a redevelopment opportunity for the targeted geographic territory in order to offset adverse employment and wage effects caused or occasioned by the termination of the ferry service between New Brunswick and Prince Edward Island. The program will cease to take new applications at the end of March 1998 with all available funds fully committed. ACOA will monitor project implementation in this last pay-out year.

Business Management Practices: ACOA will develop and implement, in cooperation with various other stakeholders, awareness programs and other initiatives. Working with local stakeholders, ACOA will identify training needs of SMEs. Training sessions will then be developed and delivered throughout New Brunswick by independent trainers. A provincial business management conference will be planned and staged and revisions will be made to the ACOA-developed management diagnostic tool.

Trade: In addition to other Agency activities in trade, ACOA will focus its efforts on increasing the number of export-potential SMEs to export-ready status through initiatives such as training for trade. It is expected that 30 SMEs in New Brunswick will reach export readiness through this activity.

B. Corporate Administration:

1. Objective

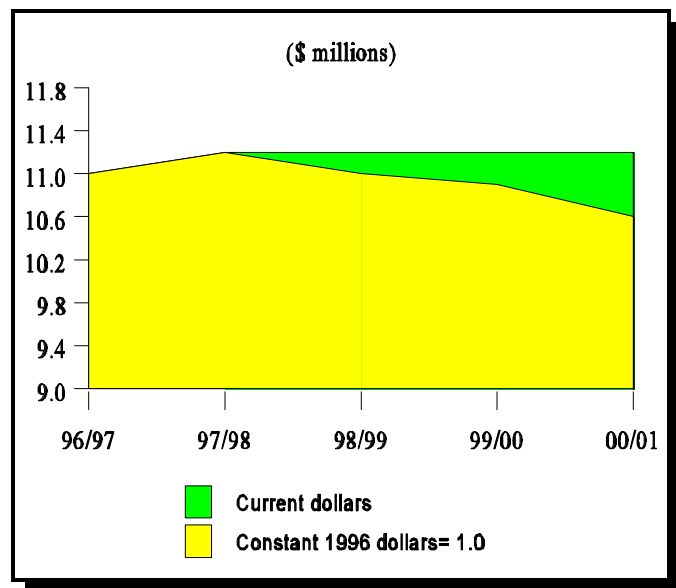
Key Objective:

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

Figure 5: Planned Spending on Corporate Administration

Corporate Administration includes:

- The executive offices of the Minister, the Secretary of State and the President;
- Finance, systems and other administrative support services provided at Head Office and in regional offices;
- Human Resource services and activities;
- Audit and evaluation activities;
- Legal services; and
- Head office communications not related to specific programs.



Provides the management and support services to help the Agency meet its overall objectives.

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

2. Operating Context and Key Initiatives:

ACOA initiatives are complementary to Treasury Board Secretariat projects.

Fiscal restraint will persist over the planning period and will continue to pose very real challenges in finding new and innovative ways to carry out the Agency's business while maintaining an acceptable level of client service.

Two major initiatives coordinated by the Treasury Board Secretariat are the implementation of the new Expenditure Management System as well as the development and implementation of the Financial Information Strategy. These initiatives are complementary to the Agency's own efforts to improve the quality and timeliness of performance and financial information for Parliament and others.

Plans and Priorities	Expected results
✎ In fiscal year 1998-99, the Agency will implement Electronic Data Interchange (EDI) payments.	✓ Better client service and reduction in processing costs.
✎ By fiscal year 1999-00, the Agency will upgrade its corporate program and financial information system.	✓ A state of the art system will provide standard reporting, improved decision making, reduction in overhead costs, and is Financial Information Strategy and Year 2000 compliant.
✎ Over the next three years, continue to improve the Agency's electronic connectivity with clients, provincial governments and partner organizations.	✓ More timely information, reduced paper burden (improved efficiencies), better information for decision making.
✎ During 1998-99, convert all Agency positions to the new Universal Classification Standard	✓ Reduction in classification administrative work; more simplified pay administration system and a more streamlined staffing system.
✎ During 1998-99, implement ACOA's <i>La Relève</i> Action Plan.	✓ Demographic review of ACOA staff to be used as both staffing and career development tool; workshops on career planning, balancing work and family life, values and ethics.
✎ Implement ACOA's 5-year Employment Equity Plan	✓ Identification of any systemic barriers through one-on-one interviews with target group members, and sensitization of managers through workshops on managing diversity.

Plans and Priorities

- ✎ Inform the general public and ACOA stakeholders, via the mainstream media, of the Agency's rationale, challenges and results.
- ✎ Market the Agency's Business Development and COOPERATION programs to ensure that key target publics are aware of them and understand the nature and benefits of the services offered.
- ✎ Communicate key Industry Portfolio messages to the Atlantic Canadian public and other stakeholders; and inform the Minister, Members of Parliament, and other Portfolio members of ACOA's key activities, strategies and results.
- ✎ In 1998-99, evaluate the performance of Agency programs in terms of economic development results and relevance to the needs of SMEs.
- ✎ Assist Agency managers to obtain better information on the economic benefits of projects in order to improve the effectiveness of ACOA programming.
- ✎ By the end of fiscal year 1998-99, fully integrate statistical sampling audit methodology into Agency operations.

Expected results

- ✓ Increased public and stakeholder understanding of what ACOA does, why its work is necessary and what results are delivered.
- ✓ Effective take-up of the programs and an increased understanding of Agency's strategic priorities.
- ✓ Increased awareness of the Industry Portfolio concept and ACOA's role in the Portfolio.
- ✓ Publication of the Agency's Second Five-Year Report to Parliament; a survey of ACOA's SME clientele.
- ✓ Implementation of an Agency-wide benefits monitoring system; more comprehensive data from Statistics Canada on performance of Agency supported SMEs.
- ✓ Better client service; improved quality of outputs; improved information regarding operations to management.

3. Key Plans and Strategies:

Strengthen results-based management and improve financial and program systems.

The Corporate Administration Business Line provides the management and support services necessary to assist the Agency in meeting its legislated objective. Strengthening results-based management and accountability, as well as enhancing audit techniques, will improve the Agency's ability to demonstrate the effectiveness of its programming to Parliament and other external clients. Improvements to Agency financial and program information systems are expected to provide better, more timely information resulting in improved decision making, less costly administration and maintenance of client service.

Section IV
Supplementary Information

A. Profile of Resources

Figure 6: Gross Planned Expenditures within Business Lines

Gross Planned Expenditures within Business Lines				
(millions of dollars)	Forecast	Planned	Planned	Planned
Business Lines	Spending	Spending	Spending	Spending
	1997-98	1998-99	1999-00	2000-01
Development	319.7	309.5	263.9	241.2
Corporate Administration	11.2	11.2	11.2	11.2
Total	330.9	320.7	275.1	252.4

Figure 7: Personnel Requirements

Planned Full-Time Equivalents (FTEs) by Business Line				
	Forecast	Planned	Planned	Planned
Business Lines	1997-98	1998-99	1999-00	2000-01
Development	284	290	280	280
Corporate Administration	95	95	95	95
Total	379	385	375	375

Figure 8:
Industry
Spending Authorities - Ministry Summary Part II of the Estimates

Vote (millions of dollars)		1998-99 Main Estimates	1997-98 Main Estimates
Atlantic Canada Opportunities Agency			
20	Operating expenditures	47.1	41.0
25	Grants and contributions	258.9	249.8
(S)	Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	8.4	4.5
(S)	Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	2.0	10.0
(S)	Contributions to employee benefit plans	4.3	3.6
Total Agency		320.7	308.9

Figure 9: Program Resources by Business Line for the Estimates year

(millions of dollars)	Budgetary					Net Planned Expenditures
	FTE	Operating	Grants and Contributions	Gross Voted	*Statutory Payments	
<u>Development</u>						
<i>Core Programming</i>						
Business Development Program		14.4	122.0	136.4		136.4
ACF Equity Atlantic			3.0	3.0		3.0
Canada Business Service Centres		2.9		2.9		2.9
Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>					8.4	8.4
Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>					2.0	2.0
Sub-Total		17.3	125.0	142.3	10.4	152.7
Federal - Provincial COOPERATION Program		7.5	59.2	66.7		66.7
Community-Based Economic Development		0.7	8.6	9.3		9.3
Advocacy and Coordination		3.5		3.5		3.5
<i>Total Core Programming</i>		29.0	192.8	221.8	10.4	232.2
<i>Non-Core Programming</i>						
Adjustment Programs		1.6	47.1	48.7		48.7
Canada Infrastructure Works Program		0.3	19.0	19.3		19.3
Program Administration		9.3		9.3		9.3
<i>Total Non-Core Programming</i>		11.2	66.1	77.3		77.3
<u>Total Development</u>	290	40.2	258.9	299.1	10.4	309.5
<u>Corporate Administration</u>	95	11.2		11.2		11.2
Total Agency	385	51.4	258.9	310.3	10.4	320.7
Plus: Services received without charge						2.8
Less: Revenue credited to the Consolidated Fund						(40.6)
Net cost of the Agency						282.9

*Does not include contributions to employee benefit plans that are allocated to operating expenditures.

Figure 10: Details of Transfer Payments by Business Line

(millions of dollars)	Forecast Spending 1997-98	Planned Spending 1998-99	Planned Spending 1999-00	Planned Spending 2000-01
<u>Development</u>				
<i>Core Programming</i>				
Business Development Program				
Grants	0.7	2.0	1.8	1.6
Contributions	123.1	120.0	110.0	111.2
Sub-Total	123.8	122.0	111.8	112.8
Grant to the Atlantic Investment Fund		3.0	3.0	
Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	10.9	8.4	7.9	4.7
Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	1.3	2.0	2.0	2.0
Sub-Total	136.0	135.4	124.7	119.5
Federal - Provincial COOPERATION Program	53.0	59.2	68.7	62.6
Community Futures Program	17.7	8.6	8.6	8.6
Total Core Programming	206.7	203.2	202.0	190.7
<i>Non-Core Programming</i>				
Adjustment Programs	42.9	47.1	25.3	14.0
Canada Infrastructure Works Program	31.3	19.0		
Total Non-Core Programming	74.2	66.1	25.3	14.0
Total Transfer Payments	280.9	269.3	227.3	204.7

Figure 11: Agency Summary of Standard Objects of Expenditure

(millions of dollars)	Forecast Spending 1997-98	Planned Spending 1998-99	Planned Spending 1999-00	Planned Spending 2000-01
<u>Personnel</u>				
Salaries and wages	21.9	20.6	19.5	19.5
Contributions to employee benefit plans	3.6	4.3	4.1	4.1
	25.5	24.9	23.6	23.6
<u>Goods and services</u>				
Transportation	4.2	4.9	4.6	4.6
Information	1.6	1.6	1.6	1.6
Professional and special services	14.8	16.0	14.0	13.9
Rentals	1.0	0.9	0.9	0.9
Purchased repair and maintenance	0.7	0.8	0.8	0.8
Utilities, materials and supplies	1.3	1.4	1.4	1.4
Construction and/or acquisition of machinery and equipment	0.8	0.8	0.8	0.8
Other subsidies and payments	0.1	0.1	0.1	0.1
	24.5	26.5	24.2	24.1
<u>Transfer payments</u>				
Voted	268.7	258.9	217.4	198.0
Statutory	12.2	10.4	9.9	6.7
	280.9	269.3	227.3	204.7
Total	330.9	320.7	275.1	252.4

Figure 12: Details of FTE Requirements

(dollars)	Forecast 1997-98	Planned 1998-99	Planned 1999-00	Planned 2000-01
Salary Ranges				
< 30,000	46	41	37	36
30,000-40,000	81	85	85	87
40,000-50,000	47	45	43	42
50,000-60,000	58	61	60	61
60,000-70,000	67	69	67	68
70,000-80,000	64	65	65	63
> 80,000	16	19	18	18
Total	379	385	375	375

B. Further Information

1. ACOA Website:

<http://www.acoa.ca>

2. Publications

The following publications contain additional information on ACOA programs:

Program Brochures:

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

Other publications:

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

- ACOA Reference Handbook: Activities and Results
- Outlook On Program Priorities and Expenditures
- The Implementation of an Entrepreneurship Development Strategy in Canada - The Case of the Atlantic Region (Organization for Economic Cooperation and Development/ACOA)
- Performance Report to Parliament (1996-1997)
- The State of Small Business and Entrepreneurship in Atlantic Canada (1996)
- Impact - Profiling Smart Business in Atlantic Canada
- Best Practices - Support Programs for the Development of Young Entrepreneurs
- From Ideas to Business Opportunities
- Summary Report of the Characteristics and Needs of Young Entrepreneurs and Young Persons Wanting to Become Entrepreneurs in Atlantic Canada
- The Dream Catchers - Profiles of Entrepreneurial Opportunity and Success

Studies:

- Atlantic Canada: Facing the Challenge of Change (A Study of the Atlantic Economy)
- Atlantic Canada and the 50 States: A Development Comparison (NAPG - June 1996)
- Atlantic Canada and the World: A Development Comparison (NAPG - June 1996)
- Atlantic Canada Human Development Index Study (Informetrica - March 1996)
- A Comparison of 1996 Business Costs in Atlantic Canada and the United States (KPMG - April 1996)
- Opportunities for Biotechnology-Based Business in Atlantic Canada (January 1997)
- Methods used by Leading Nations to Engender Best Management Practices (ATI)
- The Atlantic Canada Advantage - A comparison of Business Costs in Atlantic Canada, Europe and the United States (KPMG October 1997)

These publications are available upon request from:

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