



Atlantic Canada Opportunities Agency

Performance Report

For the
period ending
March 31, 1996

Improved Reporting to Parliament –
Pilot Document

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Available in Canada through

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or by mail from

Canada Communication Group – Publishing
Ottawa, Canada K1A 0S9

Catalogue No. BT31-4/2-1996
ISBN 0-660-60149-4



Foreword

This document was prepared as phase two of the Improved Reporting to Parliament Project which has been established within the Treasury Board Secretariat to improve the Expenditure Management information provided to Parliament, and to update the processes used to prepare this information. This is part of a broader initiative known as “Getting Government Right” to increase the results orientation and increase the transparency of information provided to Parliament.

During the period from August 1995 to June 1996, extensive consultations were held with Members of Parliament and other key stakeholders to examine options to improve the information provided to Parliament. A clear requirement was identified to provide a focus on departmental performance and actual results achieved.

In June, 1996 the House of Commons gave its concurrence to tabling, on a pilot basis, separate performance reports from sixteen departments and agencies. These pilot documents will be evaluated, and if Parliament and others endorse the approach, Parliament will be asked to formally approve the introduction of separate performance reports for all departments and agencies beginning in the fall of 1997.

These documents are also available electronically from the Treasury Board Secretariat Internet site: <http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions about this document, or the Improved Reporting to Parliament Project, can be directed to the TBS Internet site, or to:

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Performance Report to Parliament

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October 1996

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Section 1 Minister's Message

The Atlantic Canada Opportunities Agency (ACOA) is committed to helping small- and medium-sized enterprises (SMEs) in the region create new and lasting jobs. ACOA's mandate to work with all levels of government, the private sector and business and industry organizations to generate a climate of entrepreneurial endeavor is tied to the needs of all Atlantic Canadians.

Small business is the engine of job growth. Helping to create more and better private sector jobs is the first step towards producing an environment in which businesses, and the communities that rely upon them, become the masters of their own destinies. This commitment is consistent with the Government of Canada's Jobs and Growth Agenda which supports greater productivity, international competitiveness and employment opportunities within the nation's SME sector.

Echoing the mandate of the Industry Portfolio, the Agency provides direct support to business in the areas of entrepreneurship development, trade and export activity, innovation and technology, business management practices, and access to capital and information. ACOA also supports business development in the region more indirectly by partnering with other federal and provincial government organizations, institutions and industry groups to develop promising economic sectors such as tourism.

ACOA's approach also reflects the federal government's intention to provide the highest quality service possible, at the lowest cost, to all Canadians, each of whom has a right to know how his or her tax dollars are being spent, and whether such spending is generating tangible results.

At the same time, ACOA recognizes the critical importance of developing the best evaluation tools possible to account for its administration to both its client and the Canadian public. It has made a more comprehensive assessment than was done by its predecessors and has gone beyond current practices in measuring and reporting results of economic development programs.

In this way, ACOA has contributed to the federal government's efforts to demonstrate value for money and results achieved. Efforts to improve these measurement and reporting practices are continuing.



The resources expended by ACOA are relatively modest, less than 3% of federal expenditures in the Atlantic region, but this report demonstrates that the Agency's investments in the productive capacity of the region have been effective in generating jobs and growth.

In its first Five-Year Report to Parliament, tabled in February 1994, ACOA reported that its support to the private sector of the Atlantic region from inception of the Agency to March 31, 1993 had generated the creation or maintenance of 42,000 jobs. Since then, the effect of ACOA's activities on jobs created or maintained has been 40,000 jobs, at a time when economic growth has been weak due to major restructuring of the region's traditional economic base. Results are also seen in the incremental sales and export sales generated by businesses. Overall, a benefit/cost analysis demonstrates that each public and private dollar invested on commercial projects generated five dollars of benefits in the Atlantic economy. Each public dollar invested has generated three dollars of benefits in additional taxes and savings in employment insurance payments.

The Honourable Lawrence MacAulay, P.C., M.P.
Secretary of State
Atlantic Canada Opportunities Agency



Section II Departmental Overview

A. Roles and Responsibilities

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 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 February, 1996, ACOA has operated within the Industry Canada portfolio, which includes 13 departments and agencies that report through the Minister of Industry to Parliament. 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.

As a result, ACOA is the Atlantic region's main contact point to federal government programs, services and policies, providing the most direct link available to other federal development organizations, such as the Canada Export Development Corporation.

The Portfolio relies on the individual strengths and capabilities of its members, including ACOA which offers an extensive network, experienced personnel and a client base exceeding 10,000. At the same time, the Portfolio brings certain advantages to ACOA, positioning it to better carry out its coordination activities and supporting its mandate.

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.



Spending Authorities

Financial Requirements by Authority

Vote	(millions of dollars)	1995-96 Authorities*	1995-96 Actual
Atlantic Canada Opportunities Agency			
Department			
1	Operating expenditures*	44.2	41.9
5	Grants and contributions	309.6	302.1
(S)	Liabilities in Atlantic Canada under the Small Business Loans Act	2.6	2.6
(S)	Liabilities for loan or credit insurance pursuant to the Government Organization Act, Atlantic Canada, 1987	19.1	19.1
(S)	Contributions to employee benefit plans	2.6	2.6
Total Department		378.1	368.3

* Authorities include, in addition to Main Estimates, Supplementary Estimates and Adjustments and Transfers.

B. Program Composition and Organization

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

Development: This Activity is designed to support and promote new opportunities for economic development in Atlantic Canada, with particular emphasis on small-and medium-sized enterprises, through policy, program and project development and implementation and through advocating the interests of Atlantic Canada in national economic policy, program and project development and implementation.

Corporate Administration; This Activity is designed 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 and enhance managerial accountability and operational control.

Organization Structure: ACOA's Head office is in Moncton, New Brunswick. Components of Head Office are: The Minister's Office, the President's Office, Regional Programming and Development, Finance and Corporate Affairs, and Human Resources.

In each provincial 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 is responsible for delivery of ACOA programs in Cape Breton. Each Vice-President is equipped with Ministerial delegated authorities to approve most projects and proposals.

Through its Ottawa Office, also headed by a Vice-President, 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.

ACOA legislation provides for an eight member **ACOA Advisory Board**. The Board represents all areas in Atlantic Canada and includes the President of ACOA as Chairperson.

In addition to responsibilities for the Atlantic Canada Opportunities Agency, the President of ACOA is President of the Enterprise Cape Breton Corporation (ECBC). ECBC is a



Crown Corporation established by legislation to promote and assist the financing and development of industry on the Island of Cape Breton; provide employment outside the coal-producing industry; and broaden the base of the economy.

The organization chart, in Annex 1 to this report, illustrates the current relationship between ACOA's organization structure and the Activity structure.

C. Objectives and Priorities

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"*.

In pursuing this objective, ACOA focuses on small-and medium-sized enterprises because they are the most effective job creators in Atlantic Canada. Over the last ten years, 90% of all new jobs were created by small-and -medium-sized enterprise and more than 60% from new start-ups.

D. Strategic Priorities

The Agency's emphasis is on providing entrepreneurs with access to the knowledge, skills, information, advice and capital needed to improve their international competitiveness.

ACOA's day-to-day activity in that overall approach is guided by the strategic priorities of:

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

E. Service Lines

ACOA links its strategic priorities to its clients through an array of programs or service lines.



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 and has a special focus on those intangible projects critical to competitiveness, often considered too risky for conventional lenders. As such, it is unique among government departments and agencies, and the private sector, in Atlantic Canada.

ACF Equity Atlantic Inc.: This initiative, a \$30 million venture capital fund, addresses the deficiency in venture capital availability in Atlantic Canada. The fund is cost-shared equally by ACOA, Atlantic provincial governments and chartered banks.

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.

Canada Business Service Centres (CBSC): CBSCs, located in all four Atlantic provinces, provide business-related services and products to SMEs and aspiring entrepreneurs in the region.

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

Advocacy and Coordination and Procurement: ACOA's advocacy of Atlantic Canada has been reinforced by the Agency's membership in the Industry Portfolio. The advocacy function is also advanced through the corporate procurement strategy which attempts to bring more government contracts and industrial benefits to the Atlantic region.

F. 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:

- Canada Infrastructure Works Program (CIWP), generating short-and long-term employment.
- Base closure adjustment activities, generating economic diversification and new employment.
- Borden-Cape Tormentine redevelopment programs, generating new employment.



- The Atlantic Groundfish Strategy (TAGS) assists communities in leveraging development project investments and in developing long-term employment opportunities for displaced fishers and fish plant workers.
- Bishop's Falls Development Corporation

Figure 1 provides an outline of the development activity of the ACOA Program linking strategic priorities and service lines to the Agency's mandated objective. Figure 2 provides net cost of the ACOA Program by activity and service line for fiscal 1995-96. Figure 3 provides expenditure information by activity and service line for fiscal years 1993-94 to 1995-96.



ACOA - Development Activity - Strategic Priorities and Service Lines

Figure 1

Legislated Mandate:

"To increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned income and employment opportunities in that region"
 The Government Organization Act, Atlantic Canada 1987, Part I, Section 4

Target: 50,000 Jobs from 1994-95 to 1998-99

Strategic Priorities:

Entrepreneurship Development

Access to Capital and Info

Trade

Innovation and Technology

Business Management Practices (and Human Resources Development)

Tourism

Service Lines:

Core			Non-Core	
- Business Development Program (BDP)	- COOPERATION Program	- Advocacy, Coordination and Procurement	- Adjustment	- Canada Infrastructure Works Program (CIWP)
- Community Based Economic Development (CBED)	- Canada Business Service Centres		- Base Closure	
	- ACF Equity Atlantic Inc.		- Atlantic Groundfish Strategy (TAGS)	
			- Borden Cape-Tormentine Redevelopment	
			- Bishop's Falls	

Figure 2

ATLANTIC CANADA OPPORTUNITIES AGENCY

Net Cost of the Program by Service Line/Activity

(millions of dollars)

	1995-96 Comparison of Main Estimates to Actuals							
	Operating	Capital	Grants and Contributions	Gross Total	Statutory Payments	Gross Expenditures Total	Less: Revenue credited to the Vote	Total Main Estimates
Service Line:								
Development								
Core								
Access to Capital and Information:								
Business Development Program *	11.4		113.7	125.1	22.5	147.6		155.0
ACF Equity Atlantic			4.0	4.0		4.0		4.0
Canada Business Service Centres	2.7			2.7	0.1	2.8		2.7
Sub-Total	14.1		117.7	131.8	22.6	154.4		161.7
Federal - Provincial Cooperation	4.8		83.8	88.6	0.4	89.0		86.0
Community Futures	0.2		9.0	9.2		9.2		0.2
Advocacy & Coordination	2.5			2.5	0.2	2.7		2.5
Total Core	21.6		210.5	232.1	23.2	255.3		250.4
Non Core								
Adjustment **	0.2		21.4	21.6	0.0	21.6		9.4
Canada Infrastructure Works Program	0.5		70.2	70.7	0.0	70.7		91.0
Program Administration	8.7			8.7	0.5	9.2		8.9
Total Non Core	9.4		91.6	101.0	0.5	101.5		109.3
Total Development	31.0		302.1	333.1	23.7	356.8		359.7
Corporate Administration	10.9			10.9	0.6	11.5		11.5
Net Cost of the Program	41.9		302.1	344.0	24.3	368.3		371.2

* BDP was introduced in August 1995 as ACOA's main business assistance program and replaced the Action and Fisheries Alternatives Program (also includes liabilities for loan credit insurance)..

** Adjustment includes the following ACOA Programs: TAGS-Community Economic Development, TAGS-Economic Renewal, Bishop's Falls, Slemon Park, and Base Closures.

Figure 3
ATLANTIC CANADA OPPORTUNITIES AGENCY

Departmental Appropriated Planned and Actual Spending

(millions of dollars)	Actuals 1993-94	Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
Service Line:				
Development				
Core				
Access to Capital and Information				
Business Development Program *	158.9	156.2	155.0	147.6
ACF Equity Atlantic			4.0	4.0
Canada Business Service Centres		1.3	2.7	2.8
Sub-Total	158.9	157.5	161.7	154.4
Federal - Provincial Cooperation	89.7	98.9	86.0	89.0
Community Futures			0.2	9.2
Advocacy & Coordination	3.7	4.2	2.5	2.7
Total Core	252.3	260.6	250.4	255.3
Non Core				
Adjustment **	3.5	6.7	9.4	21.6
Canada Infrastructure Works Program		58.6	91.0	70.7
Program Delivery and Coordination	8.5	9.2	8.9	9.2
Total Non Core	12.0	74.5	109.3	101.5
Total Development	264.3	335.1	359.7	356.8
Corporate Administration	11.4	12.1	11.5	11.5
Total Agency	275.7	347.2	371.2	368.3

* BDP was introduced in August 1995 as ACOA's main business assistance program and replaced the Action and Fisheries Alternatives Program (also includes liabilities for loan credit insurance).

** Adjustment includes the following ACOA Programs: TAGS-CED, TAGS-ER, Bishop's Falls, Slemon Park, and Base Closures.

Section III Corporate Performance

Introduction

This section identifies:

- the key performance indicators, current or projected, that the Agency will use as a means of reporting on its performance;
- the Atlantic economic environment providing the context in which the Agency has performed over recent years; and
- the overall results achieved by the Agency.

A. Key Performance Indicators

As part of its legislated requirement to report to Parliament every five years, ACOA has adopted a Multi-Year Evaluation Plan which identifies the corporate indicators that will allow the Agency to report on its overall performance and achievement. These key indicators reflect the mandate and objectives of the Agency and aim at reporting the overall results achieved. Since the individual programs or service lines and strategic priorities are the means of implementing ACOA's mandate, corporate key indicators have been designed to link service line results with the Agency's objective of increased employment and earned income, as mandated in its legislation.

From its inception, ACOA has been reporting employment impact as the key indicator for its two major service lines, the Business Development Program and the COOPERATION Program. The Agency has also reported the impact of its programming on Gross Domestic Product (GDP), a proxy measure for earned income. Methods for reporting jobs created and maintained have been refined over the years and extended to almost all of the Agency's activities. Additional indicators were developed to assess performance of the Agency's strategic priorities and service lines. For several of these activities such as entrepreneurship development and business management practices, aimed at improving awareness, knowledge and skills, the impact on employment and income will only be visible in the medium to long term, but it is important to have intermediary indicators to measure progress to the ultimate goal.



The following are ACOA's corporate indicators as identified in the Multi-Year Evaluation Plan:

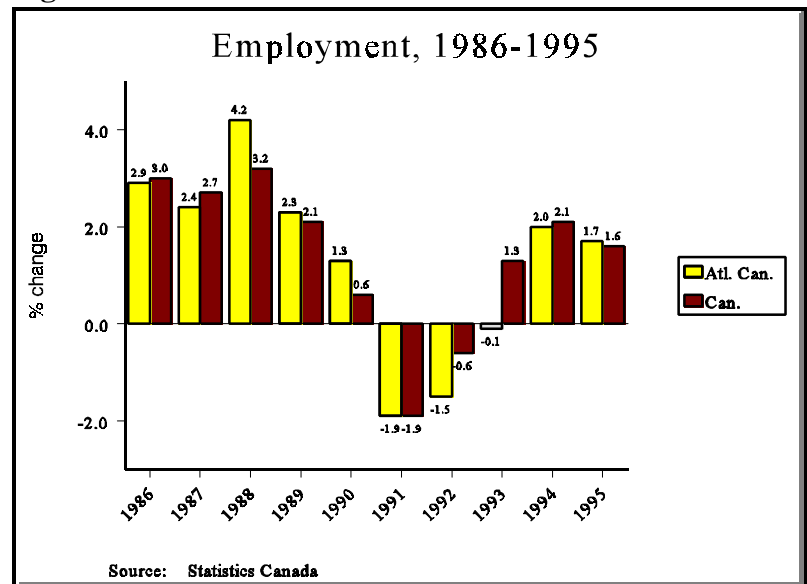
- employment impact defined as jobs created and maintained;
- new business start-ups (adjusted for survival rates to arrive at net growth);
- increased wages and salaries;
- new exporters;
- increase in export sales and total sales;
- productivity defined as value-added per employee; and
- net profits before taxes as a percentage of sales.

B. Atlantic Economic Environment

Recovery from the economic slowdown of the early 1990s has been weaker in Atlantic Canada, compared with the nation as a whole. Since the 1990-91 recession, economic growth averaged 1.3% less in Atlantic Canada. The slow economic growth has resulted from severe weaknesses in the Atlantic economy due to restructuring in both the private and public sectors and a collapse in the ground fishery, which alone resulted in a loss of 35,000 jobs. The economic recovery has been led by strong export markets; however, personal consumption and job growth has been weak.

During the 1990s, the labour market has been weaker than the overall economy. Employment in the region fell for three consecutive years before registering gains in both 1994 and 1995 (see Figure 4 opposite). Employment in Atlantic Canada only reached its 1990 pre-recession level in 1995. Due to the continued closure of fish processing plants, employment in the manufacturing sector is still below its 1990 level.

Figure 4



The resources expended on the ACOA Program are very small in relation to the problem of Atlantic development, (e.g., ACOA expenditures amount to about 1% of Atlantic Gross Domestic Product). For this reason, by themselves, aggregate economic indicators are in no way a true gauge of the success of the ACOA program.



C. ACOA Corporate Results

The following results are based on two principal sources of data:

- a survey of completed commercial clients done by Statistics Canada on behalf of ACOA and carried out during the summer of 1995. It is important to note that to provide realistic and credible information, Statistics Canada developed a survey methodology with the intention of producing conservative estimates of the economic impacts of ACOA projects;
- the Business Performance Evaluation, again done by Statistics Canada on behalf of ACOA. This report shows comparison of ACOA clients' performance with all Atlantic business and is based on the Longitudinal Employment Analysis Program and the T2 corporate taxation files. At this time, information from this report is only available from 1989 to 1993.

D. Employment Impact

In its first Five-Year Report to Parliament, tabled in February 1994, ACOA reported a 42,000 employment impact¹ from its programming from inception of the Agency to the end of fiscal year 1992-93. This result was calculated based on evaluations conducted by independent consultants for the Agency's two major service lines, the Business Development Program and Cooperation Program. From April 1, 1993 to March 31, 1996, an additional 40,000 jobs were created or maintained by businesses as a result of the Agency's programming and activities. This brings to 82,000 the total employment impact since the creation of the Agency. Table 1 outlines the employment impact of ACOA programming by service line from inception to the end of fiscal 1995-96.

¹ Employment impact includes new jobs created and threatened jobs maintained as a result of ACOA support. It is expressed in full time (i.e. 40 weeks of work per year) and in long term (i.e.- of at least five year duration) equivalence.



Table 1
ACOA Program
Incremental Employment Impact

1a) By Service Line	Total since Inception	1b) By fiscal Year	Total since Inception
Business Development	50,400	Inception to 1992-93	42,000
COOPERATION	28,500	1993-94	12,200
Community Futures	2,200	1994-95	18,250
Advocacy & Coordination	410	1995-96	9,560
Adjustment	500		
	82,010		82,010
In person-years			
Infrastructure Program	8,708		

Source: ACOA Five-Year Report to Parliament and calculations based on internal program data adjusted by results of client surveys.

In response to the government's priority concern for job creation, the previous Minister for ACOA announced a target of 50,000 additional jobs over the period 1994-95 to 1998-99. Looking at the results for 1994-95 and 1995-96, the Agency and its partners are on track to achieve this target.

It is important to note several factors about the estimates. Firstly, only jobs associated with incremental projects are included².

Secondly, the figure includes indirect and induced employment resulting from the spending of assisted companies and their employees. These impacts have been estimated

² The Auditor General, in its report dated November 1995, Chapter 18, defines an incremental project as one which would likely not *have proceeded with the same scope, at the same time and in the same location without government assistance*. Based on independently conducted surveys of clients and its own internal follow-up of businesses, the Agency has estimated an incrementality factor of .67. For example, if a client reports 100 jobs, only 67 are included in the final count. This is believed to be realistic, if not conservative. The Auditor-General's report had assessed a much higher factor of .81 in its November 1995 audit of ACOA's evaluation.



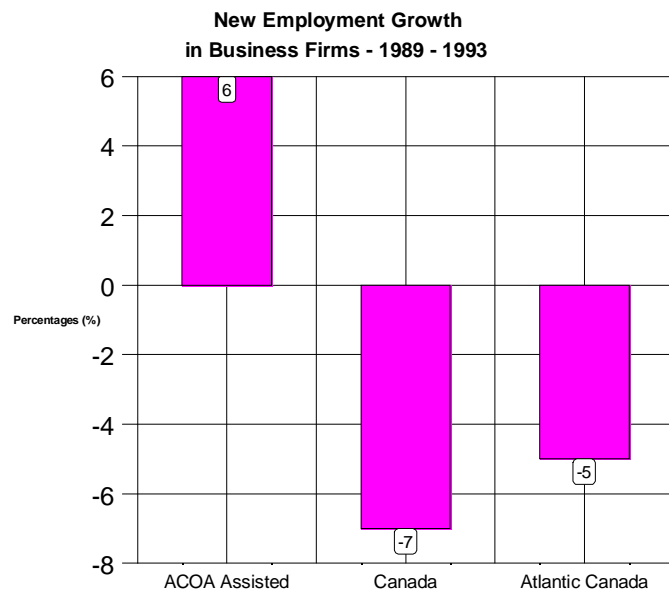
through the use of the Conference Board of Canada's econometric model of the Atlantic economy.

Finally, measured job impact for completed projects is based on the **actual** jobs created and maintained. This is determined through the use of client surveys based on statistically representative samples of clients who have completed their projects. For incomplete projects, the Agency has assumed that actual jobs will equal estimates at the time of approval. This is a conservative assumption since results from the 1995 Statistics Canada survey show that:

- actual job creation reported by clients exceeded the estimates by 17%; and
- job maintenance exceeded projections by 43%.

Further based on the Statistics Canada survey, it costs ACOA \$13,400 to create or maintain a job. The cost per job for smaller projects is lower at \$8,300 per job. Based on this type of evidence indicating that support to small business is the most effective investment that government can make in job creation, the Agency continues to focus its efforts on SMEs.

Figure 5



Source: Statistics Canada Business Performance Evaluation, 1993 Tabulation Report

Given the weak economic environment outlined above, much of the employment impact achieved by the ACOA program has been achieved in a climate of no net employment growth over the 1990-95 period. The Business Performance Evaluation report corroborates the survey. It reveals that the net employment level of ACOA business clients increased by 6% between 1989 and 1993, while it decreased by 5% for the Atlantic and by 7% for the whole of Canada (see Figure 5 above).

The same report allows comparisons by major type of industry where the Agency was most active. The following table reveals that ACOA assisted manufacturing firms especially, have a much higher job impact per firm, providing additional verification of the incremental impact of ACOA support.



Table 2
Newly Identified Firms and New Jobs*
Between 1989 and 1993

<u>Industry Type</u>	<u>New Jobs per Firm Atlantic Region</u>	<u>New jobs per firm ACOA assisted</u>
Manufacturing	7.7	30.9
Business Services	3.1	3.3
Accommodation & Food Services	8.8	10.2
All Industries	2.4	12.7

*Source: Statistics Canada, Business Performance Evaluation, 1993 tabulation report and 1993 Employment Dynamics Volume I & II - expressed in Average Labour Units (ALUs)

The report also indicates that in the Atlantic region, some 99,200 new jobs resulted from the creation of 41,800 new businesses started between 1989 and 1993. ACOA assisted new firms accounted for **11%** of these new jobs. Given that ACOA expenditures account for less than **1%** of regional GDP, this indicates that the ACOA program is very effective given the size of the resources expended.

E. Stability of Assisted Businesses

The Statistics Canada Business Performance Evaluation reveals that for firms established between 1990 and 1992, on average, 42% of Atlantic businesses disappeared after one year of operation (this includes not only failures, which the Agency reported as 10% of new businesses assisted in its Five-Year Report, but also mergers, change of ownership, companies not reporting income or filing corporate tax returns, etc). For ACOA clients, this drop out rate after one year of operation varies from 29% in 1990 to 38% in 1992. For new businesses created in 1990, the only year for which we have a three year follow-up, only 32% of Atlantic businesses were still in operation in 1993. In comparison, 62% of ACOA assisted business were still in operation.

F. Sales Impact

The Statistics Canada's client survey shows that over 60% of the commercial clients have reported increases in annual sales as a result of ACOA support:



- the value of the annual incremental volume of sales was estimated at \$880 million;
- the average annual sales increase is of \$112,000 per project against a one-time average cost of \$79,000 in federal support;
- the benefit in incremental sales is particularly important for small projects where incremental annual sales of \$72,000 is more than double the average contribution of \$33,000 received from ACOA.;
- increases in sales resulted primarily from increased productivity, higher quality product or expansion of a product line; and
- sales reported by ACOA assisted manufacturing companies increased by 17% between 1993 and 1994 compared to 9% for all Atlantic manufacturers.

G. Export Sales

ACOA clients reported that 27% of project related sales are sold outside of Canada which is slightly higher than the percentage of the company's total sales being exported (22%). This represents over \$233 million in additional annual export sales or about 11% of the total value of export sales of ACOA business clients. Export sales of ACOA assisted manufacturers increased by 30% from 1993 to 1994. Over the same time period, overall Atlantic manufacturers' exports increased by 9%.

H. Economic Impact and Benefit Cost Analyses

Every dollar of expenditure by ACOA and its public and private partners on commercial projects provides approximately \$5 dollars of benefits to the Atlantic economy as measured by the increase in GDP. This estimate is made by translating the jobs created and maintained from the Statistics Canada Survey into the total economic impact on the Atlantic economy.

To do this, the jobs are translated into a measure of economic impact, "valued added", by industrial sector. Value-added by sector is inputted into the Conference Board of Canada's econometric model of the Atlantic economy to estimate the net impact on regional income as measured by Gross Domestic Product (GDP). In this manner, other macro economic impacts, in particular, the impact on taxes, can also be estimated.



It is important to note several features of this estimate. Firstly the GDP benefits are those that result from successful projects whereas the expenditures include investment in successful projects plus the costs of failed projects.

Secondly, only the benefits of incremental projects as defined above are included.

Thirdly, the above benefits include direct employment gains in the businesses assisted by ACOA plus indirect and induced employment. The indirect and induced employment resulting from the direct employment in ACOA assisted firms is calculated by the Conference Board of Canada's econometric model of the Atlantic economy. This impact, commonly known as the "multiplier", is calculated to be approximately .5 (meaning that one job is created through these indirect and induced impacts for every two jobs created directly in ACOA assisted companies).

Fourthly, the impact on GDP is net of the impact which would have been obtained if the support to business had been directed instead to providing income support to unemployed individuals. Finally, benefits are assumed to occur for a period of ten years based on the useful life of plant and production equipment.

In its first Five Year Report to Parliament tabled in 1994, the Agency estimated a benefit cost ratio of 4.2 to 1. This calculation, using refined economic modelling techniques and a detailed breakdown of ACOA activity by sector, yields the current ratio of 5 to 1. The principal reason for this change is the use of a more realistic economic multiplier. The current estimates recognize that the manufacturing, mining and agriculture sectors, where ACOA activity is concentrated, produce more important contributions to the economy because of the relatively high wages in these sectors and their stronger linkages to local suppliers (of natural resources, for example).

The aggregate benefit cost ratio for ACOA support to commercial projects can vary considerably depending on the type of program. An example is the case of the ACOA Loan Insurance Program which by its nature was a high risk instrument focused on larger, riskier projects which promised high benefits. Loan insurance was especially valuable for providing support to rural areas where commercial lenders are reluctant to lend but where unemployment is high and work alternatives scarce.

However, losses under the program exceeded expectations due to the recession of 1990-91 and a lack of commitment of the commercial lender to the success of the loan. As a result, and although the program did result in almost 3,000 extra jobs, the benefit cost ratio was in the area of 2 to 1 as compared to 5 to 1 for all support to commercial projects.



The Agency responded by moving away from the use of the instrument in 1990. Only three applications were approved after 1990 and in August 1996 the loan insurance program was cancelled.

I. Returns to the Taxpayer

In addition to the total benefits to the Atlantic economy, it is also useful to look at returns to governments for their investment. Included here are personal income taxes on wages earned by employees, sales taxes on purchases by companies and their employees and savings to the government in unemployment insurance payments because of the additional employment created by assisted projects. It is estimated that the returns to government equal three dollars for every dollar of government expenditure. Note that these tax returns do not include corporate income taxes which, for technical reasons, cannot be calculated by the Conference Board model.

J. Alternative Benefit - Cost Scenarios

The estimation of total economic impact requires that a number of assumptions be made and there are limitations on the precision of the results. The most important assumptions underlying the estimate have been altered in differing ways to examine the effect on the benefit cost ratio. For example, an assumed incrementality of 50% would correspond to a conservative estimate for business assistance programs in Canada.³

Also, it could be assumed that a further 10% of firms assisted might fail within the ten year period. On average, the completed ACOA assisted projects are about four years old. Data from Statistics Canada indicates that while 67% of manufacturing business start-ups fail within 10 years in Atlantic Canada, 57% fail within four years.⁴ This assumption is believed to be conservative because it takes no account of the fact that some projects will do better than expected and offset failed projects.

It is also possible to make an allowance for what is called the “displacement” effect (i.e. ACOA support to firms may adversely affect competitors’ firms). The evidence available indicates that this effect is weak. For example, the Economic Council of Canada⁵ found that if there is an effect, it is not very strong or occurs by inhibiting expansions.

³ Cohen and Le Goff Regional Development Incentives: A Critical Review of the Evidence, Canadian Journal of Regional Science, Summer, 1987.

⁴ Statistics Canada, Small Business and Special Survey, 1979-88.

⁵ Economic Council of Canada, Living Together, A Study of Regional Disparities, 1977.



Also, the Agency has procedures in place to ensure that the adverse impact on competitors is kept at a minimum consistent with achieving the objective of improved competitiveness. However, the Auditor General⁶ did find instances where existing producers could be hurt by Agency support. Accordingly, a displacement effect equal to 15% of total employment is assumed.

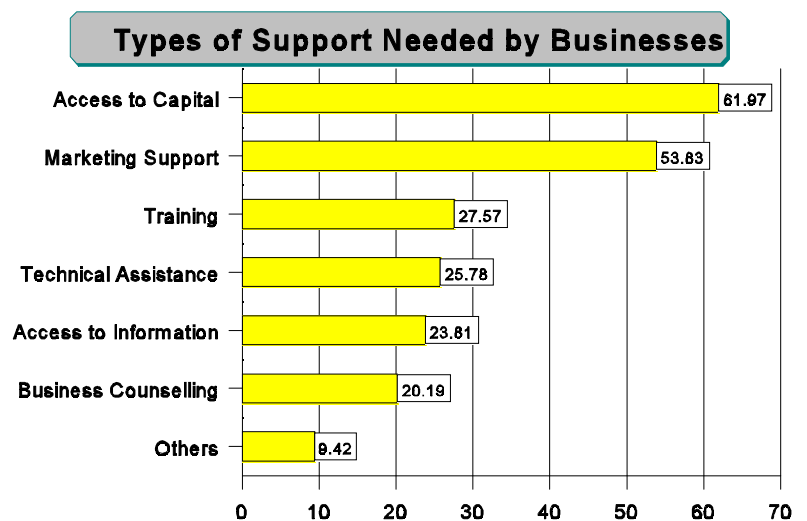
If these adjustments are made, the benefit cost ratio drops to about 3. This indicates that the benefits from the ACOA program are significant given any reasonable set of assumptions.

K. Client Satisfaction

The Statistics Canada survey reveals that 3 out of 4 ACOA commercial clients considered that they had met their business objective due in large part (53%) or in small part (23%) to the Agency’s support. Only 2.5% felt that ACOA had no impact whatsoever. Their level of satisfaction with the services received rated between “good” and “very good”, the highest satisfaction being in the courtesy and professionalism of staff and in the communications with the Agency. Some improvements are needed in delivery, particularly in the time to process applications. Improvements have been introduced at the program delivery level to help address this issue. Improvements have also been made in the time required to process payments. Payments are now remitted in 5-6 days compared with the previous processing time of 2-3 weeks.

Access to capital remains the number one type of support required by clients (see Figure 6 opposite). The repayable contributions available under ACOA’s programs and the Agency’s efforts to make venture capital funds (both public and private) available to businesses are designed to address this need. The second business need identified, marketing support, is also addressed by the increasing emphasis by ACOA to support trade development.

Figure 6.



Source: Statistics Canada, Survey of Small and Medium Sized Businesses in Atlantic Canada, 1995

⁶ Report of the Auditor General, November, 1995, 18-22



Section IV - Part I Performance by Strategic Priority

A. Tourism

The Atlantic Canada Opportunities Agency (ACOA) identified the tourism industry as a potential high growth sector several years ago and began working with provincial and industry partners to maximize the economic growth and job creation potential of the sector. ACOA, in effect, became a catalyst for change. ACOA played a major role in focusing attention and then initiating change in the tourism sector in Atlantic Canada.

The direct relationship with the private sector through the four provincial tourism industry associations led to a new management process for tourism in Atlantic Canada. The need to focus everyone's activity on a common set of objectives led to the creation of a new partnership, the Atlantic Canada Tourism Partnership (ACTP) in 1993.

Key Commitments

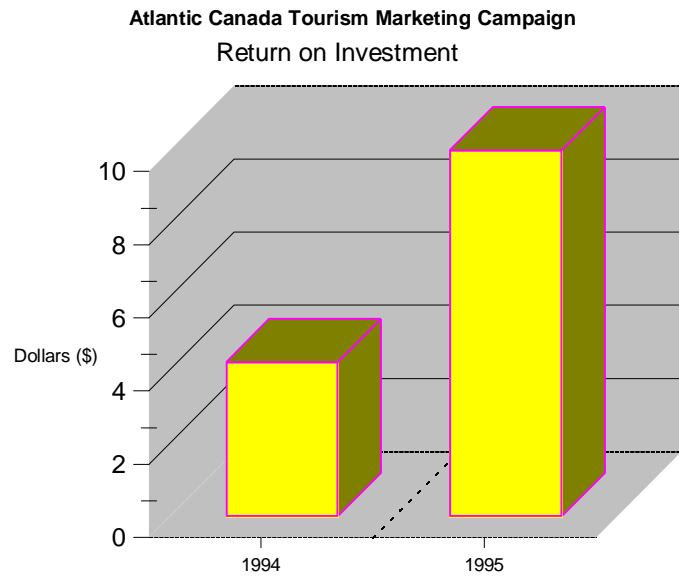
- **A return on investment of \$10 per dollar of Atlantic marketing campaign investment in 1997, compared to \$4.50 in 1994.**
 - **An economic impact of \$26 million from the Atlantic marketing campaign in 1997, compared to \$14 million in 1994.**
-



Results

- The 1995 marketing campaign resulted in an economic impact of \$31 million as measured by tourism expenditures resulting from the marketing campaign and a return on investment of \$10.00 per dollar of campaign cost (See Figures 7(a) and 7(b)).
- The 1997 campaign will see a change in strategy, which will focus on the longer-haul international markets and attempt to increase visitation in the fall shoulder season.
- An independent study is undertaken in the fall of each year to determine the impact of that year's marketing campaign. These studies use accepted survey methodology to estimate the numbers of individuals responding to the market campaign that actually vacationed in the Atlantic region.

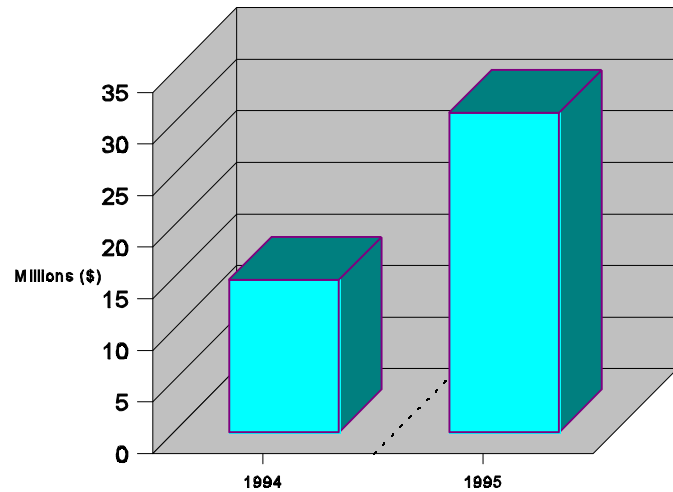
Figure 7(a)



Source: Enterprise PEI - 1995 ACTP Conversion Study, November, 1995 and Baseline Market Research Ltd., Final Conversion Study, February 15, 1995

Figure 7(b)

**Atlantic Canada Tourism Marketing Campaign
Economic Impact**



Source: Baseline Market Research Ltd., Final Report Conversion Study, February 15, 1995 and Enterprise PEI - 1995 ACTP Conversion Study, November, 1995



B. Business Management Practices (BMP)

The objective is to assist Atlantic Canadian SME business owners/managers to increase their skill levels as a means of obtaining increased job creation and economic growth. To achieve this objective, the Agency is putting in place a public - private sector partnership to implement an Atlantic SME skill development action plan.

The contribution of this activity to the ultimate objectives of job creation and economic growth will only be seen in the medium to long-term as Atlantic SMEs acquire increased skills and use them to improve survival, growth and productivity. Indicators have been developed to measure progress to the ultimate goal. For example, International Standards Organization (ISO) certification is regarded as one of the major steps in the adoption of better business management practices

Key Commitment

- **Increasing the number of ISO certifications of Atlantic businesses from 51 in December 1995 to 75 by December 1996 and 100 by December 1997.**
-

Results

- By May 1996, the number of Atlantic ISO certifications, according to an independent monitor, stood at 68 up from 27 a year and a half earlier. ACOA's BDP program has assisted fifty nine Atlantic SMEs with quality management programs, with 80% of projects related to ISO certification.
- In Nova Scotia, the provincial government and ACOA co-sponsored the formation of the Quality and Productivity initiative in 1994 which promotes and supports use of ISO certification and better business management practices.
- Nova Scotia has experienced the highest increase in ISO certifications in Atlantic Canada in the last year and one half.



C. Entrepreneurship Development

The main objective of Entrepreneurship Development is to contribute to an increase in the number of Atlantic Canadians who chose to start their own businesses. The Agency's approach is to give people increased opportunities to learn about entrepreneurship; increase the motivation of the people to start a business and provide better access to quality training, advisory and information services at the local level. While counselling and training activities can be expected to lead to business start-ups and growth in the short and medium term, the contribution of education and awareness initiatives to increasing the number of entrepreneurs can only be expected in the long term. Performance indicators have been put in place to measure progress towards the job creation objective.

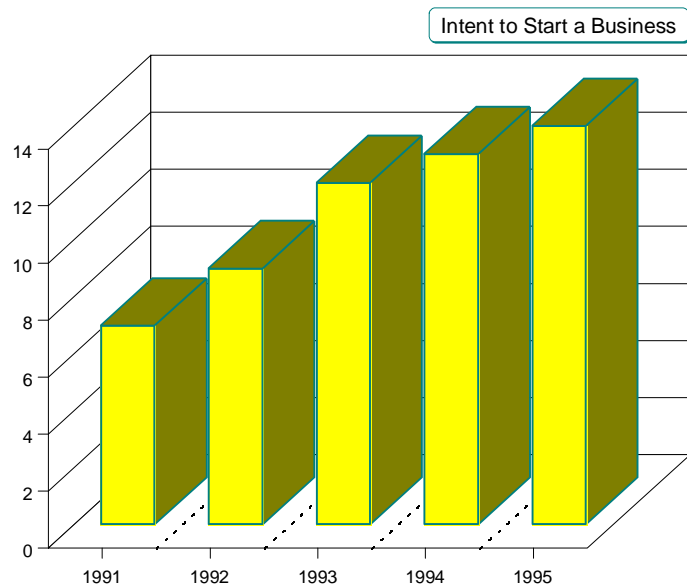
Key Commitment

- **Promote entrepreneurship to increase number of people intending to start a business - achieve an "intent to start business within 2 years" index of 17% by 1998.**

Results

- This index is independently compiled for ACOA through regular polling of Atlantic Canadians. It has increased from 7% in 1991 to 14% in 1995. (See Figure 9 opposite)
- It is difficult to determine with certainty the exact contribution of ACOA activity to the increase in "intent" as a host of socio-economic variables can affect the index. Nevertheless, there is evidence that the Agency's promotional activities are making a significant contribution. For example, 20% of viewers of the *Leading Edge* and *Temps d'Affaires* television series about entrepreneurs indicated that they were more encouraged about entrepreneurship.

Figure 9



Source: Corporate Research Associates Inc. - Regional Omnibus Survey



-
- **Support services and programs targeted at young entrepreneurs including a 1-800 ConneXion service line and a seed capital program.**
-

Results

- A 1-800 information line for young entrepreneurs was put in place in each of the Canada Business Service Centres in Atlantic Canada. Enquiries are being tracked and a follow-up process is to be put in place to determine the number of callers who went on to start a business.
- ACOA published a Young Entrepreneur Profile in 1995 and “Profiles of Student Entrepreneurs” in 1996. These profiles create “role models” and present “how to” lessons.
- Since 1992, over 2,000 students have started summer businesses with ACOA support.

D. Community Based Economic Development (CBED)

CBED is a “bottom up” collective action by the community to improve its economic health focusing on wealth generation, job creation and enhanced viability for the community, region and province. The goal is to establish an effective CBED infrastructure which will result in the community taking increased responsibility for its own economic development.

Key Commitment

- **In partnership with rural communities of the Atlantic region, creating and maintaining 3,600 jobs over three years through lending and counselling activities of the Community Business Development Corporations (CBDCs).**
-

Results:

- In fiscal 1995-96, the 40 CBDCs reported that their lending activities led to the creation and maintenance of 2,200 jobs in rural communities across the region.



E. Trade

The Trade strategic priority focuses on improving the trade and marketing capabilities of Atlantic Canadian SMEs and facilitating expanded sales to existing and new export markets.

The commitments were only finalized in the spring of 1996. Indicators and monitoring process are being developed. No significant results can yet be reported.

Key Commitment

- **A 5-7% increase between 1996-97 and 1998-99 in the number of Atlantic SME exporters (currently estimated at 2,700).**
-

Results:

- From the Statistics Canada survey, of the 28% of ACOA clients currently exporting, 20% mention that ACOA has significantly helped them export, another 40% say that ACOA has helped them somewhat.
- Numbers of new exporters resulting from key trade initiatives (e.g. the Pan-Atlantic International Business Development (IBD) Agreement), are to be determined by annual follow-up survey of SME participants and IBD monitoring data. For example, IBD funded NexPro, a program offered by the Business Development Bank of Canada: 52 SMEs completed export-readiness training and an additional 32 will be trained in the third quarter of 1996. A follow-up with participants will provide actual results of the training.
- Data was collected on current and potential SME exporters. Ongoing update of this database will generate reliable information on new exporters.
- Of ACOA clients not currently exporting, 25% are thinking of exporting and will constitute a target group for ACOA's trade efforts.



F. Innovation and Technology

The purpose of the innovation and technology priority is to strengthen industry innovation, technology development and technology diffusion, thereby enhancing the competitiveness of Atlantic Canada's SMEs and supporting the diversification and growth of the Atlantic region's economy.

Indicators and a monitoring process are being developed.

Key Commitment

- **Develop 15 new private sector linkages with research centres for technology commercialization per year.**
-

Results:

- The agreement and action plan between ACOA and the National Research Council, signed in December 1995, has led to the scheduling of a major Atlantic Technology Forum for November 1996 and the formation of strategies for the Aquaculture and Ocean Industries, to be completed in the fall of 1996.
- Utech, a technology bridging organization comprised of Dalhousie University, the Technical University of Nova Scotia, the Nova Scotia Agricultural College and the University College of Cape Breton, will establish technology transfer linkages with the private sector. Other Atlantic universities are also interested in joining the partnership.
- Monitoring for innovation projects will include information on private sector research linkages. (A review of a sample of projects assisted under the Innovation Element of the Business Development Program found that approximately one-fifth made use of research agencies.)

G. Advocacy, Coordination and Procurement

Under its policy advocacy role, ACOA aims at presenting and promoting Atlantic regional interest and strategic priorities to other government departments and agencies, particularly when they develop policies and programs likely to have an impact on job creation and



employment opportunities in Atlantic Canada. This is achieved by working cooperatively with other federal departments.

Key Commitment

- **An additional 900 jobs over the next 3 years through increased federal contracts to Atlantic businesses.**
-

Results:

- In fiscal year 1995-96, 280 (full-time, long-term equivalent) jobs were created as a result of federal contracts or sub-contracts being awarded to Atlantic firms resulting from the ACOA advocacy role in the national procurement process.
- The reported numbers of jobs created in Atlantic Canada are the best available estimates and are drawn from either:
 - an estimate of jobs created provided by the company; or
 - the actual dollar value of the industrial and regional benefit commitment stated in the contract, divided by the average value for an aerospace or marine industry job.
- ACOA will have representatives at the Aerospace Industries Association of Canada Annual General meeting in September as well as the international Softworld 96 Conference, both with the goal of continuing its SME advocacy efforts with prime contractors.



Section IV - Part II Performance by Service Line

H. COOPERATION Program

The objective of the COOPERATION program is to improve the environment for economic growth in the Atlantic region through cooperation with all levels of government, the private sector and institutions.

Key Commitment

-
- **Consolidate the federal-provincial COOPERATION agreements into a single agreement per province to achieve more effective and efficient program delivery.**
-

Results:

- Single consolidated agreements were signed with New Brunswick and Nova Scotia in August, 1996. Prince Edward Island completed the first stage of consolidation in 1994 and is expected to sign a single consolidated agreement in fiscal 1996-97.
- Significant reductions in operating costs have resulted from consolidation. For example, in Prince Edward Island, person-years devoted to program delivery have dropped by 35% and in New Brunswick it is estimated that administration costs will drop to about 3-4% of total agreement spending. Nova Scotia estimates that operating costs from the consolidation of agreements will be reduced from 8.5% to 4.2%, for a 50% savings.

Examples of Specific Results Achieved:

- The Newfoundland Manufacturers' Association partnered with the HRD Agreement to place 33 students in manufacturing plants across the province under the Industrial Engineering Co-op Program. This project has had tremendous success. Newfoundland Manufacturers have received professional help in streamlining operations, improving the companies' product line, reducing cost per unit manufactured, increasing machinery and personnel efficiency and productivity, implementing new technologies, and reducing material and energy loss. The



companies that participated in this project are forecasting an increase in sales for 96/97 as a result of the implementation of the Co-op Students' blueprints and recommendations.

I. Access to Capital and Information

Among the greatest barriers to the start-up and expansion of small- and medium-sized enterprises in Atlantic Canada is inaccessibility of capital and information. ACOA activity, the Business Development Program and ACF Equity Atlantic Inc., in cooperation with the provinces and private sector partners, are geared to breaking down those barriers.

Key Commitment

-
- **Through the Business Development Program supporting the creation and maintenance of 13,500 jobs over the next 3 years by offering access to capital to SMEs for establishing, expanding and improving productivity.**

Results:

- After 11 months of operation, the new Business Development Program shows an estimated 3,400 job impact (expressed in full time long term equivalent).
- The cost per job is \$20,000. For commercial clients only, this cost is about \$18,000 per job. Since the support to commercial operations is repayable, the “real” cost will be much lower based on the recovery of contributions.

-
- **Through ACF Equity Atlantic Inc., a public-private sector partnership, some 35 equity investments will be made in Atlantic firms in the first five years.**

Results:

- ACOA was instrumental in bringing together the partners of this fund, which include the four Atlantic provincial governments and seven chartered banks. It is designed to address the deficiency in the availability of venture capital to SMEs in



Atlantic Canada. The company became operational in July 1996.

J. Atlantic Canadian Business Service Centres (CBSCs)

To provide business related services and information to the Atlantic business community, particularly small businesses and potential entrepreneurs and to facilitate access to government business services.

Key Commitments

- **Establishing a partnership between the CBSCs and community economic development organizations to facilitate access to key business information via the Internet for rural SMEs.**
-

Results:

- During the latter part of fiscal year 1995-96 and the first six months of fiscal year 1996-97, the New Brunswick CBSC initiated development work on an Internet site, from the client's perspective, to extend its business information network to well established non-profit intermediaries throughout the province. The New Brunswick CBSC will be offering, as of January 1997, direct access of its key information tools to a host of business support organizations which will include 12 Regional Economic Development Commissions, 12 Community Business Development Centres and five ACOA District Offices.
- A similar structure will be adapted and integrated to the three other Atlantic based CBSCs in the first quarter of fiscal 1997-98.

K. Adjustment

This service line is designed to help find alternative economic vocational and employment opportunities for communities affected by the loss of their traditional employers. It includes the closure of the Borden-Cape Tormentine ferry service to Prince Edward Island, loss of railroad services in Newfoundland, the closure of Canadian Forces Bases in ten Atlantic communities, eight of which were almost totally dependent on the employment generated by these bases, and the community economic development (CED) and economic renewal components of the Atlantic Groundfish Strategy (TAGS).



Program	Date Approved	Duration	Available (\$ Millions)
Slemon Park Corporation	February 28, 1992	March 31, 1997	10.0
Bishop's Falls	April 28, 1993	March 31, 1997	5.5
Base Closures	June 9, 1994	March 31, 1999	36.4
TAGS:			
Community Economic Dev.	1994	1999	42.5
Economic Renewal	1996	2001	94.0
Borden/Tormentine	July 25, 1995	March 31, 1998	10.0
Total Adjustment			198.4

- In each area, ACOA helped establish and support a local group or authority to take responsibility for the redevelopment of their community's economic base with the support of redevelopment funds provided by the federal government.
- Initiatives and development plans, which are done in close cooperation with the provincial and municipal governments, are adjusted to each community's opportunities and capabilities. Means of development have included:
 - giving a new orientation to existing infrastructure such as the development of Slemon Park in Summerside, Prince Edward island. Slemon Park has successfully developed an aviation and aerospace industry specialized in avionics and related industries (rebuilding plane engines and building landing gear control boxes for planes). One of the firms has already begun a major expansion and others are contemplating increased activities which will contribute towards the self-sufficiency of the Corporation. The goal established for Slemon park was to create 500 direct and indirect jobs by 1995 and to be profitable and self-sufficient by 1997. As of March 31, 1996, direct and indirect employment was of 740. It is expected that a small operating profit will be achieved in the near future.



- finding alternative employment by helping to expand and diversify the small manufacturing sector as was done by the Bishop's Falls Development Corporation. As a result, this town can boast manufacturing activities in diverse products including wood, metal alloys, fiberglass, textiles, styrofoam, corrugated metal, plastics, laminates, automotive parts, etc. It is estimated that more than 150 full-time jobs have been created and the town is recognized for its unique role in the central Newfoundland economy.
- helping displaced workers create new businesses as was done by the Moncton Response Group which created an Entrepreneurial Program and an Economic Enhancement Fund to assist 25 such initiatives as of March 31, 1996.
- The Auditor General's review of the Cornwallis Park Development Agency contract with ACOA indicated a number of administrative problems. In August 1996, the agency signed an agreement which addresses the issues raised. Despite these administrative concerns, results have been achieved. For example, about 200 full and part-time jobs have been generated by the activities of the Cornwallis Park Development Agency.
- Community based working groups were established for the redevelopment of the Borden and Cape-Tormentine areas. The groups will advise and recommend on initiatives or projects to create alternative employment.
- Aimed at communities affected by the closure of the groundfish industry, primarily in Newfoundland, the Community Economic Development (CED) component of TAGS has helped communities create employment in alternative industries, one of which is the development of a viable tourism industry. An example is the support to the Colony of Avalon Foundation to help provide visitor services at the archaeological sites at Ferryland. These efforts at tourism development met with some success. Visitations have increased from less than 2,000 in 1992 to 10,000 in 1995. These are expected to increase in the coming years through planned promotion and new activities. Local services businesses have benefited from this experience and new business ventures have been established in Ferryland.

As the CED efforts are aimed at building a community development structure to support economic development, most benefits are expected to be on a longer term basis. In 1995-96, however, the CED did help generate about 40 jobs.



The Atlantic Groundfish Strategy (TAGS) - Economic Renewal Initiative will implement measures to promote long-term, self-sustaining economic activity. The objectives of the initiative are:

- the development of sustainable jobs and increased earned incomes, particularly for workers displaced by closures in the groundfish industry; and
- the improvement in competitiveness of the targeted sectors.
- An evaluation framework has been put in place to monitor progress.

L. Canada Infrastructure Works Program (CIWP)

Using the ACOA COOPERATION Program as a model, the Canada Infrastructure Works Program (CIWP) is being delivered on behalf of the federal government by the regional development agencies. The purpose of the CIWP is to renew municipal infrastructure, create jobs, improve the environment and enhance Canada's competitiveness while accelerating economic recovery.

Key Commitment

-
- **Under this program total investment in Atlantic Canada will be more than \$640 million (federal investment - \$180 million).**
-

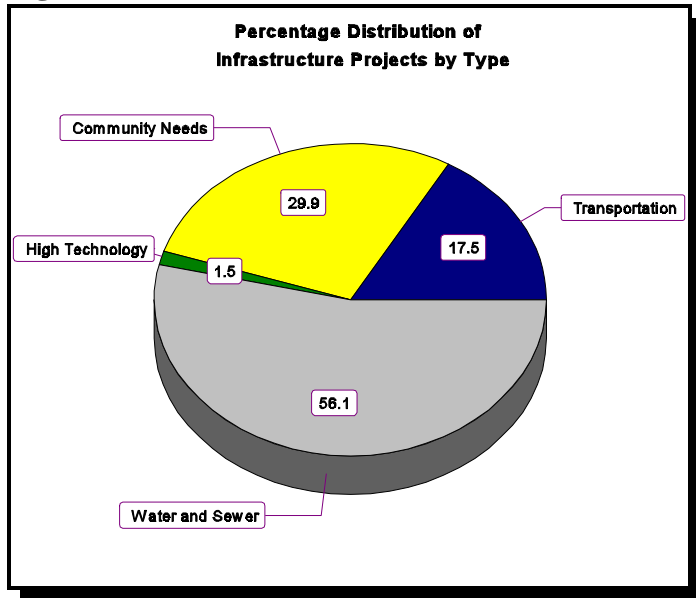
Results:

- Within the Atlantic region, the Canada Infrastructure Works Program has achieved the following results from inception to March 31, 1996:
 - 896 projects creating 8,100 person-years of employment;
 - improved infrastructure, of which 60.6% of the funds are for water and sewer, 15.1% for transportation, 21.1% for community-based projects and 2% for high-technology projects;



- Figure 11 below depicts the distribution of infrastructure projects by type.

Figure 11



Section V Conclusion

This performance report to Parliament gives a clear indication of the important economic benefits of the federal government's investment in the development of the Atlantic region. Since the creation of the Agency, the programs of ACOA and its partners have helped the private sector generate an impact of some 82,000 jobs in the Atlantic economy. This achievement is of particular importance since it occurred during a time of weak economic growth. There has been little net employment growth over 1991 to 1996 as a result of restructuring the region's traditional economic structure.

In measuring the total impact of its programming on employment, the Agency has made a more comprehensive assessment than was done by its predecessor regional development departments. The Agency has had to break new ground in the measurement of regional development impact and the Auditor General's report of November 1995 recognizes that *the Agency has gone beyond most current practice for measuring and reporting results of economic development programs*. In this way ACOA has contributed to the federal government's efforts to demonstrate value-for-money and results achieved. While there are still limitations on the precision of existing measurement practices, the Agency is continuously trying to improve these practices and refine its measurements to ensure they are as credible as possible and that results reported are attributable to ACOA. To do so, the Agency engages outside expertise such as well-recognized independent consultants, Statistics Canada and the Conference Board of Canada.

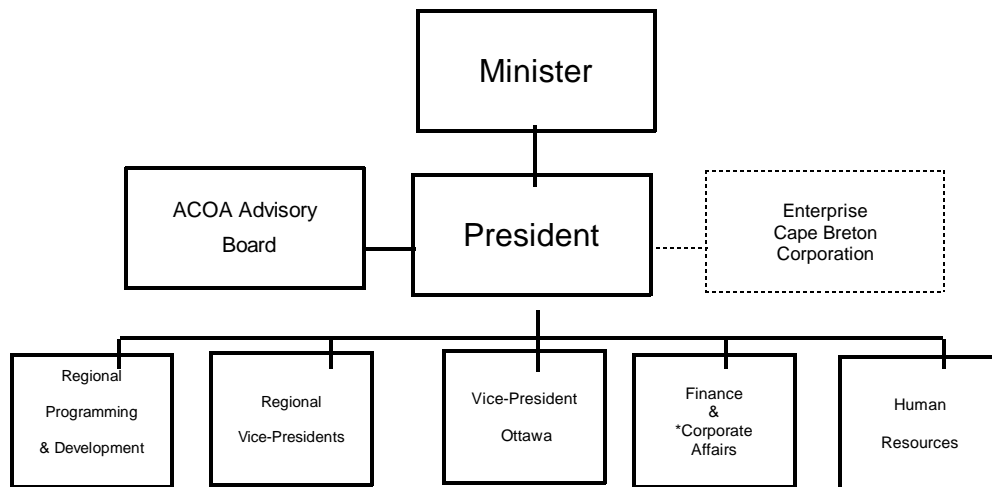
Benefit cost analysis, based on Statistics Canada survey results and using the Conference Board econometric model, estimates that every dollar invested by ACOA and its public or private partners on commercial projects provides approximately \$5.00 of benefits to the Atlantic economy. For each dollar in government expenditure, approximately \$3.00 is returned to government in the form of personal income taxes on wages earned, sales taxes on purchases and savings in unemployment insurance payments (corporate taxes not being included). The assumptions underlying the estimates were varied to determine the resulting impact on benefits.

The conclusion is that under any reasonable set of assumptions, ACOA expenditures, which represent less than 1% of the regional Gross Domestic Product, have been effective in relation to the resources expended.



Figure 1: Relationship of the 1995-96 Organization to Activity Structure

Annex 1



Activities						Program Total
Development 258 FTEs	12,229	342,804	1,643	2,645	400	359,721
		3,089	140	7,675	598	11,502
Corporate Administration 95 FTEs	12,229	345,893	1,783	10,320	998	371,223

(thousands of dollars)

*Includes the resources for the Minister's and President's offices.

Table 1
ATLANTIC CANADA OPPORTUNITIES AGENCY

Annex 2

Further Financial Information

Grants and Contributions by Service Line (\$ millions)

Service Line:	Actuals 1993-94	Actuals 1994-95	Estimates 1995-96	Actuals 1995-96
Development				
Core				
Access to Capital and Information				
Business Development Program *	129.5	139.2	108.2	113.7
ACF Equity Atlantic				4.0
Canada Business Service Centres				
Sub-Total	129.5	139.2	108.2	117.7
Federal - Provincial Cooperation	82.0	89.2	96.5	83.8
Community Futures				9.0
Advocacy & Coordination				
Total Core	211.5	228.4	204.7	210.5
Non Core				
Adjustment **	3.2	10.0	18.0	21.4
Canada Infrastructure Works Program		58.3	90.5	70.2
Program Delivery and Coordination				
Total Non Core	3.2	68.3	108.5	91.6
Total Development	214.7	296.7	313.2	302.1
Corporate Administration				
Total Agency	214.7	296.7	313.2	302.1

* BDP was introduced in August 1995 as ACOA's main business assistance program and replaced the Action and Fisheries Alternatives Program (also includes liabilities for loan credit insurance).

** Adjustment includes the following ACOA Programs: TAGS-CED, TAGS-ER, Bishop's Falls, Slemon Park, and Base Closures.

Contingent Liability

As at March 31, 1996 contingent liabilities estimated at \$41.5 million were outstanding against The Atlantic Canada Opportunities Agency (ACOA).

Status Administered

Government Organization Act, Atlantic Canada, 1987	(R.S.C., 1985, c. G-5.7), as amended
Small Business Loans Act	(R.S.C., 1985, c. S-11), as amended
Special Areas Act	(R.S.C., 1985, c. S-14)