

# **Atlantic Canada Opportunities Agency**



## **Performance Report**

**For the  
period ending  
March 31, 2005**

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Minister of ACOA



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# Section I – Overview

## *Minister's Message*

The year 2004-2005 was a pivotal one for the Atlantic Canada Opportunities Agency (ACOA).

With the 2005 federal budget commitment of \$708 million over five years toward continued support for economic development in Atlantic Canada, the Government of Canada responded to *The Rising Tide* strategy – an economic growth strategy developed for and by Atlantic Canada. Known as the *Atlantic Investment Partnership – The Second Wave*, this major investment will allow ACOA to deliver more lasting, positive changes for the people of Atlantic Canada by building on the success of the first Atlantic Investment Partnership (AIP).

AIP investments in the region over the last five years have enabled more research and development, more opportunities in rural communities, more exports and foreign investment, and more skilled entrepreneurs working in Atlantic Canada.

In addition to its work under the AIP, the Agency has continued to deliver essential programming in the areas of business development, community development and policy, all with the goal of helping Atlantic Canadians tackle economic challenges and capitalize on opportunities. ACOA also continues to undertake strategic policy research to help the region identify and address its economic gaps and maximize its potential.

In its advocacy role, ACOA works to exert influence on national policies and programs that affect Atlantic Canada's development and interests. As well, the Agency is charged with co-ordinating other federal policies and programs in Atlantic Canada to ensure an integrated approach to the region's development.

As Minister of ACOA, I invite you to review this *Departmental Performance Report* for specific results and achievements related to the AIP, as well as all of ACOA's programs and initiatives. Work still remains to be done, but I am confident that, while you read this report, you will see how ACOA is helping to strengthen and deepen the transformation taking place in the Atlantic region.

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The Honourable Joseph McGuire  
Minister  
Atlantic Canada Opportunities Agency

## ***Management Representation Statement***

I submit, for tabling in Parliament, the 2004-2005 Departmental Performance Report (DPR) for the Atlantic Canada Opportunities Agency.

This document has been prepared based on the reporting principles contained in the Treasury Board of Canada Secretariat's *Guide for the Preparation of 2004-2005 Departmental Performance Reports (April 2005)*. This report:

- adheres to the specific reporting requirements;
- uses an approved Program Activity Architecture;
- presents consistent, comprehensive, balanced and accurate information;
- provides a basis of accountability for the results pursued or achieved with the resources and authorities entrusted to the Agency; and
- reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

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Monique Collette, President  
Atlantic Canada Opportunities Agency

## Summary Information

### Raison d'être

The purpose of the Atlantic Canada Opportunities Agency (ACOA) is clear: to tackle the economic development challenges facing Atlantic Canada; to identify and address structural weaknesses in the economy; and to help communities and businesses overcome barriers and find new opportunities for growth. This is in direct support of the Government of Canada's commitment to reducing regional disparities and ensuring that all Canadians benefit from a strong economy.

*The Agency's mandate is derived 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. Its purpose 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."*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
514.1	476.3	450.3

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Actual	Difference
647	646	1

### The Government of Canada's Commitment

The Government of Canada remains committed – indeed, it is a legislated requirement – to reducing regional disparities and ensuring that Canadians in all parts of the country benefit from a strong economy and the services that such an economy can provide. It is within this context that the Atlantic Canada Opportunities Agency aims to boost economic development opportunities in the region, thus increasing the number of jobs and earned income for the Atlantic Canadian population. It is also within this context that ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

In order to achieve this, the Agency has three strategic outcomes that reflect its mandate to help increase employment opportunities and earned income for Atlantic Canadians.

- Enterprise Development – improved growth and competitiveness of Atlantic small and medium-sized enterprises (SMEs), leading to increased productivity, earned incomes and job creation.
- Community Development – improved community economic infrastructure and strategic planning capacity, leading to improved employment opportunities and economic growth in the Atlantic region.
- Policy, Advocacy and Co-ordination – strategic, researched policy positions that: reflect the region's potential; ensure regional influence on national policies and programs that affect Atlantic Canadian development and interests; and facilitate the co-ordination of other federal policies and programs within the region to form integrated approaches to development, leading to strengthened Atlantic economic development.

## **Operating Environment**

### **Agency Context**

The Atlantic Canada Opportunities Agency (ACOA) is the arm of the federal government whose mission is to work in partnership with Atlantic Canadians to improve the economy of communities in the region. The Agency accomplishes this through a regional strategy that aims to improve economic performance and enhance the region's competitiveness. Working with partners in all levels of government, the private sector, academia and non-governmental organizations, ACOA seeks to advance the Government of Canada's agenda for economic opportunities and innovation in order to serve the needs of businesses, organizations, individuals and communities in Atlantic Canada.

Established in 1987, ACOA offers a broad range of programs and services designed to improve the climate for business growth. The Agency ensures that a wide variety of business development tools and resources are available to Atlantic entrepreneurs throughout all stages of the business life cycle, from the time they are thinking about setting up a new business, to the time they are planning for growth and expansion. ACOA is a federal agency with a difference; its mandate and organizational structure were determined following consultations with Atlantic Canadians from across the region. The result was that, for the first time, a federal organization charged with regional economic development in Atlantic Canada was headquartered in the Atlantic region. ACOA now has 32 regional and field offices in cities and towns throughout the four Atlantic provinces.

### **ACOA's Approach**

ACOA takes an aggressive approach to identifying dynamic opportunities and overcoming regional barriers to growth, recognizing that an economy must have a number of conditions in place in order to succeed. The Agency's broad-based approach to regional economic development can address underlying structural challenges in the economy more effectively and more equitably than could a narrowly focussed tax-based incentive approach.

At the national level, the Agency carries out this mandate by advocating for Atlantic Canada's interests, priorities and concerns in other federal government policy-making decisions and investments that have a direct impact on the Atlantic economy.

The Agency also participates in several horizontal initiatives. ACOA is the lead Agency for the Atlantic Canada Tourism Partnership, Team Canada Atlantic, and the Canada/Atlantic Provinces Co-operation Agreement on International Business Development. In the last year, the Agency participated in the development of a new horizontal initiative on the Social Economy, to establish a mechanism to contribute to the Social Economy initiative in Atlantic Canada. This was undertaken in conjunction with Industry Canada and other regional development agencies. More information on horizontal initiatives can be found in Section III of this report.



At the regional level, ACOA conducts policy research and analysis that help provide the intellectual foundation for a comprehensive and strategic approach to regional development. Furthermore, the Agency plays a key role in co-ordinating pan-Atlantic development strategies, programs and initiatives, working closely with the provincial governments, Atlantic universities and research institutes, business organizations and other stakeholders in the region to reduce duplication and maximize impact.

Locally, ACOA works with its partners to provide communities with the tools and resources they need to build more self-reliant local economies. Partnerships are a major element, not only in the delivery of ACOA programs and activities, but also in the development of programs and policies. ACOA partners with the private sector, universities, non-government organizations, as well as governments at all levels.

The Agency also works locally to improve the growth and competitiveness of Atlantic enterprises through a variety of programs and services designed to increase start-ups, expansions and modernization, help innovate, grow and remain competitive.

Recognizing the growing correlation between innovation and productivity, Agency programs place emphasis on fostering research and development, technology adoption, skills development, and the improved access to capital required to make these kinds of investments in innovation possible. The Atlantic Innovation Fund continues to be a driving force behind the latest acceleration of Atlantic research and development. The Strategic Community Investment Fund (SCIF) is helping small and rural communities to strengthen their economic base. The Business Development Program and other ACOA programs are helping thousands of entrepreneurs to start up and expand businesses, optimize trade and export opportunities, and develop new tourism products. These programs are strategically important. In the 1990s, 70% of the jobs created by new firms in Atlantic Canada were attributed to small businesses<sup>1</sup>.

This year was a pivotal year for ACOA. In addition to delivering its main programs, the Agency developed an approach to addressing The Rising Tide, the Government of Canada's strategy that sets the course for the development of Atlantic Canada for the next five years. The Atlantic Investment Partnership now enters its second phase (The Second Wave) with a new, five-year \$708-million initiative that addresses the areas fundamental to Atlantic Canada's continued economic growth: investing in innovation, investing in communities, investing in people, and investing in the business climate.

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<sup>1</sup> Atlantic Canada Opportunities Agency, *The State of Small Business and Entrepreneurship*, Atlantic Canada – 2005.

## **Risks, Challenges, Opportunities**

Atlantic Canada's economy is generating sustained economic growth; however, economic performance throughout the region has been uneven. Urban areas have been registering strong economic activity, while rural areas and their dominant sectors have experienced weaker economic conditions.

Despite the recent overall economic progress, the region's economy continues to face difficult adjustments currently underway in the major resource sectors, in particular agriculture, pulp and paper, aquaculture and fishing. Atlantic Canadian businesses must also continue to adjust to the increased value of the Canadian dollar. Over the longer term, the Atlantic economy needs to meet the challenges of intensifying global competition and an aging population.

In order to increase the region's competitiveness, there is a need to improve productivity through an emphasis on new skills and knowledge, increased capital investment, and innovation. On the innovation front, the region continues to lag in advanced technology adoption, private sector research and development (R&D), commercialization, and institutional/business collaboration on R&D. In terms of human capital, the region is underperforming in workplace training and advanced technical and business management skills.

Sustaining growth in gross domestic product per capita will become more challenging as the population ages. The share of the population that is working is projected to start to decline as the baby boom generation enters retirement age, and this will exert downward pressure on the growth of living standards. To help partially counter the impact of an aging population, it will be important to take steps to facilitate the attraction and integration of immigrants and equip those Atlantic Canadians not currently in the labour force with the skills needed to participate fully in the labour market.

### **Gross Domestic Product (GDP)**

Economic activity in Atlantic Canada remained positive in 2004, with real GDP increasing by 1.2%. Output in the goods-producing industries rose by 0.6%, with gains in manufacturing and construction being offset somewhat by declines in the region's mining and energy sectors, as both iron ore and offshore oil and natural gas production fell in 2004. Conditions remained strong in the construction sector as work progressed on the White Rose, Voisey's Bay and Sable Tier II projects. Supported by solid growth in the transportation, retail trade, and finance and insurance sectors, economic activity in the services-producing industries increased by 1.8% in 2004.

### **Labour Market**

Atlantic Canada's labour market performed well in a number of areas in 2004. Employment in the region rose by 1.9%, or 20,300 individuals, with most of the growth occurring in full-time employment. The unemployment rate for the region fell to 10.7%, attaining its lowest level since 1976. The region's participation rate also continued its record climb, reaching 63.1%.

## **Population**

The population of Atlantic Canada fell by 1.6% over the 1996 to 2001 period, compared with an increase of 4.8% for the nation. Between 2001 and 2004, the Atlantic region's population increased only slightly, by 0.1%, while the total number of people in Canada went up by 3%. Since 2001, population gains occurred in all three Maritime provinces, but the population continued to fall in Newfoundland and Labrador.

In order to continue the transformation of the Atlantic economy, it is vital that the population grows at a much stronger pace. To ensure sustained economic growth, ACOA is in the process of developing an Atlantic Population Strategy to address the challenges of immigration and the attraction and retention of skilled Atlantic Canadians.

## **Exports**

Foreign exports of commodities from Atlantic Canada rose by 4.4% in 2004, largely due to higher energy prices. Commodity exports from Canada increased by 8.6% during this period. Most of the rise in the region's exports resulted from increased shipments of refined petroleum products (19.5%). Results for Atlantic Canada's other major export products were mixed in 2004.

A decline in gas production led to a 1% decrease in exports of natural gas in 2004. Exports of crude oil fell by 52.5% due to an increase in the proportion of the region's crude being refined in Canada; production actually decreased by 6.7%. Among forestry products, stronger demand and higher prices led to significant growth in exports of softwood lumber (34.6%). Exports of veneer, plywood and other wood products increased by 25.9%. Foreign shipments of newsprint declined by 6.3%, while exports of other paper products increased by 4.4%. The value of pulp exports fell by 3.2% mainly due to the closure of a mill in New Brunswick. Partly due to the continued strength of the Canadian dollar, exports of fish products fell by 1.8% as shipments of lobster and shrimp products were down. Exports of fish declined by 5.7% as a result of lower shipments of unprocessed lobsters. Although exports of frozen potato products declined by 12.2%, a greater share of production from the region is estimated to have been sold in Canada.

## **Events Affecting Performance – Province by Province**

After averaging almost 7% annual growth in the gross domestic product (GDP) over the previous six years, the Newfoundland and Labrador economy fell by 0.7% in 2004. Operational problems at the Terra Nova offshore oil field and strikes in both the private sector (e.g. iron ore mines) and public sector, were significant factors in the contraction of the province's economy. The service industry, which accounts for 63% of the economy, showed moderate growth of 0.9%, while the goods industry declined by 3.1%.

The Government of Newfoundland and Labrador identified a significant fiscal challenge in 2004-2005; however, the amendment to the Atlantic Accord should help improve financial conditions. The high value of the Canadian dollar had a somewhat negative impact on export-oriented industries, particularly manufacturing. On the other hand, the

oil and gas industry continued to provide major opportunities, as did the development of the Voisey's Bay mine and the associated demonstration hydrometallurgical facility in Argentina. Investment in the White Rose oil project (\$550 million) and the Voisey's Bay Nickel Project (\$450 million) accounted for just under one-quarter of capital investment in the province in 2004.

A strong Canadian dollar put Newfoundland and Labrador fish exporters at a competitive disadvantage in 2004, contributing to a decline in the return on some seafood sales to the United States. Market conditions were generally positive in the crab and shrimp sectors in 2004 with strong demand and relatively high prices. In the groundfish sector, the presence of low-priced Chinese groundfish products in the marketplace continues to be a major problem for local processors.

Due to the closures in the Gulf and northeast coast cod fisheries, ACOA continued to administer the Strategic Community Investment Fund - Short Term Adjustment Initiative (SCIF-STAI) program in 2004-2005. This program helped to mitigate the short-term impact of these closures by providing employment opportunities to displaced workers in affected communities. ACOA approved 46 STAI projects valued at \$6.9 million. The majority were for projects that enhanced tourism potential and improved community infrastructure.

In 2004, Prince Edward Island continued to progress in major cluster development efforts while experiencing economic challenges in key sectors including tourism, agriculture and fisheries. Successful partnerships have led to continued growth in the bio-science and advanced technology sectors. The aerospace industry employed over 800 people in 2004. With the strong support of incentives through Natural Resources Canada, the wind sector has advanced and holds great promise as a major developmental opportunity. After two years of decline, the tourism industry, in conjunction with government partners including ACOA, has devised a new product-oriented strategy. In 2004, the Agency and the provincial government successfully negotiated agreements and plans for infrastructure development. Considerable progress has been made in joint planning and co-operative efforts in the areas of immigration and labour market development.

The Nova Scotia economy continued to expand in 2004, but at a moderate 1.3%. Residential construction and the manufacture of rail cars and high-tech equipment, coupled with strength in retail trade, contributed to the growth. However, a decline in the production of natural gas acted as a constraint on growth for the second consecutive year. In Nova Scotia, the expansion of two Michelin tire plants continues to provide major employment, with the company now employing over 3,300 people in the province. With major events in 2004 such as the return of the Tall Ships and the World Acadian Congress, tourism activity held its own as visitation and tourism revenues increased by 5% and 1% respectively.

Cape Breton continues to restructure its economy after the loss of its two traditional industries, coal and steel, at the turn of the millennium. A number of opportunities have presented themselves over the past few years, particularly the growth of the tele-service

industry on the island, environmental remediation, liquefied natural gas, auto parts and pharmaceutical manufacturing, as well as new tourism infrastructure and activities. A recently completed assessment (Fall 2004) by Canmac Economics regarding federal development assistance in Cape Breton Island demonstrated significant positive impact on the island's economy. The assessment shows that, over the 1999-2004 period, more than 6,000 direct jobs were created, earned incomes increased significantly and GDP increased by over \$1.9 billion over five years, while municipal, provincial, and federal revenues increased by \$10.8 million, \$60.1 million, and \$64.8 million respectively.

The New Brunswick economy expanded by 2.6% in 2004. The goods-producing industries – approximately 30% of the province's output – advanced 2.9%, supported by increased manufacturing and construction. Strong economic activity in the transportation, retail and wholesale trade sectors underpinned growth of 2.5% in the service-producing industries.

The New Brunswick forestry industry faced difficult market conditions in 2004. Numerous jobs were lost at Nexfor Fraser Papers in Edmundston, and the closure of the St. Anne-Nackawic hardwood pulp mill in Nackawic left approximately 400 people out of work. In addition, the UPM Miramichi kraft mill closed permanently, eliminating approximately 400 jobs in Miramichi. The results were more positive for the province's wood products industry, where both production and shipments of lumber products increased. The call centre industry, with over 20,000 employees, continues to grow in New Brunswick. Tourism activity in 2004 was on par with the previous year.

## Summary of Performance

Following are summaries of the Agency's performance for fiscal year 2004-2005 in the three strategic outcome areas. These strategic outcomes do not operate independently, but fit within a framework of interlocking programs, policies and initiatives that are designed to be cohesive, integrated and sustainable.

Strategic Outcomes	2004–2005 Priorities / Commitments	Type	Planned Spending	Actual Spending	Expected Results – Current Status
<b>Enterprise Development</b>	Improve growth and competitiveness of Atlantic SMEs	Ongoing	\$277.6 million	\$271.8 million	<ul style="list-style-type: none"> <li>• Increased productivity – <i>on track</i></li> <li>• Increased earned income – <i>on track</i></li> </ul>
<b>Community Development</b>	Economic opportunities for Atlantic Canadians	Ongoing	\$218.8 million	\$167.1 million	<ul style="list-style-type: none"> <li>• Building community capacity – <i>on track</i></li> </ul>
<b>Policy, Advocacy and Co-ordination</b>	Policies and programs to support and promote growth in the Atlantic economy	Ongoing	\$17.7 million	\$11.4 million	<ul style="list-style-type: none"> <li>• Implement recommendations arising from the February 2004 Speech from the Throne and Budget 2004 – <i>exceeded</i></li> </ul>

### Enterprise Development

Critical to developing an innovative economy is fostering the start-up, growth and competitiveness of Atlantic small and medium-sized enterprises (SMEs). This is achieved through investing in research and development, providing SME skills and training, expanding trade and promoting foreign direct investment and venture capital.

To achieve results, ACOA focusses on:

1. *Innovation* – Innovation continues to be at the forefront of ACOA's economic agenda. The Agency works to promote better interaction among key innovation stakeholders, ensuring a strengthened SME capacity to innovate, with greater access to risk-oriented financing and with the ability to develop and commercialize new ideas.

Significant momentum has been created through investments under the Atlantic Innovation Fund and the National Research Council, which have led to increased research and development activity in Atlantic Canada. Several strategic partnerships between universities, the private sector and government were formed, exceeding

#### *Enterprise Development – Key Areas*

1. *Increasing the capacity to conduct and commercialize R&D*
2. *Increasing exports and attracting more foreign investment*
3. *Stimulating the growth of entrepreneurship and business skills development*

2004-2005 projections. Sectors such as information technology, biotechnology, and oil and gas have been strengthened. ACOA has also worked to improve SME access to risk-oriented financing for innovation projects. In the last year, nearly 50 new products, processes or services were commercialized with the help of ACOA's investment. More SMEs have become aware of commercialization and technology development processes by attending ACOA-sponsored information and training sessions. In fact, ACOA funded 17 technology-based SMEs in their start-up phase, nearly tripling the 2004-2005 target.

2. *Entrepreneurship and Business Skills Development* – A key means of achieving more employment and economic opportunity in Atlantic Canada is to ensure there are more entrepreneurs. Targeting Atlantic Canada's youth, entrepreneurship awareness and promotion creates an environment in which entrepreneurship is widely perceived as a career option. Emphasis is also placed on skills development and promoting life-long learning for existing entrepreneurs, recognizing the particular needs of women in business and Aboriginal entrepreneurs. ACOA is also involved in tackling the critical human resource constraints experienced by innovative firms, especially those in the knowledge-based economy, and enhancing opportunities for the region to both retain and attract highly qualified graduates. ACOA more than doubled its target in this area.

***Entrepreneurship and Business Skills Development – Key Initiatives***

1. *Innovation Skills Development Initiative*
2. *Women in Business Initiative*
3. *Young Entrepreneur Development Initiative*

In the last year, ACOA's focus on delivering leadership and entrepreneurship skills workshops to youth resulted in an increased awareness of entrepreneurship as a career option among approximately 9,000 young Atlantic Canadians – more than 12 times the number planned. In addition, several hundred business owners profited by receiving business counselling, management skills training and professional development opportunities, all with the aim of strengthening their management capacity and, ultimately, increasing their survival and growth rates. Projected targets for 2004-2005 have been exceeded in several areas.

3. *Trade and Investment* – Promoting trade and investment is critical to economic development and is a key part of ACOA's work. Over the past few years, strong national and regional economies and increasingly liberalized trade agreements have provided the impetus for continued export and foreign direct investment growth among Atlantic Canada's business community. With fewer than three percent of the region's SMEs currently involved in export activity, ACOA focusses on proactive measures aimed at addressing these challenges and significantly increasing the level of export activity and foreign direct investment in Atlantic Canada.

ACOA works independently, and in partnership with other federal departments and the four provincial governments, to deliver its strategic approach to trade and investment development. Successful initiatives, such as the Team Canada Atlantic

missions to key markets in the United States have generated more than \$35 million in sales for Atlantic Canadian businesses. In the last year, ACOA's investment in awareness of exporting as a growth option to Atlantic Canadian firms resulted in over 1,700 potential exporters receiving the training, counselling and mentoring needed to become exporters. This year's surveys show that nearly 80 ACOA-assisted non-exporting firms, plus an additional 83 active exporters, have successfully secured new export markets. Key initiatives, designed to increase foreign direct investment in Atlantic Canada, were developed and implemented in the last year, and partnerships with both federal and provincial stakeholders were formed to assist in the development of trade and investment throughout Atlantic Canada.

### **Community Development**

The economic strength of rural communities is an essential part of the economic health of the Atlantic region. Compared to Canada as a whole, a larger portion of Atlantic Canada's population is based in rural areas. ACOA's presence in these rural areas is having a positive effect by supporting existing firms, encouraging new start-ups and creating real jobs. ACOA relies on partners to deliver business counselling and capital to rural communities throughout Atlantic Canada. During 2004-2005, ACOA continued to work with Community Business Development Corporations (CBDCs) and Regional Economic Development Organizations (REDOs) to ensure a high level of strategic planning to guide the economic development of their communities. A formative (interim) evaluation of the Strategic Community Investment Fund (SCIF) confirmed that SCIF is, indeed, a good model and, by co-ordinating with other departments, ensures community projects fit an overall regional strategy.

In 2004-2005, ACOA provided \$66 million in assistance under SCIF which, in turn, leveraged an additional \$59.6 million in financing. The Community Futures Program has provided an essential source of capital for SMEs and, according to the 2004-2005 CBDC activity reports, assisted 1,172 new and existing businesses. This resulted in the creation of 1,214 jobs and maintenance of 2,225 jobs. ACOA was also involved in supporting various REDOs in obtaining ISO 9001-2000 registration, which applies to the process that influences service quality.

### **Policy, Advocacy and Co-ordination**

In recent years, ACOA has placed a priority on strengthening its policy capacity. While the policy function continues to represent a comparatively small part of ACOA's resource expenditures, the function now plays a significant role in guiding the Agency's policy and program activities. The development of a response to *The Rising Tide* strategy for the Government of Canada was a major accomplishment during 2004-2005. The Agency's Procurement Network has continued to demonstrate and promote Atlantic Canada as capable of participating in major government procurement. ACOA also provides key analysis and advice to ensure that the region's interests are reflected in national policy and program development, such as policy work on the social economy.



ACOA continues to co-ordinate its efforts and provide leadership on major economic issues and in the management of special projects and key initiatives.

Further details on ACOA's accomplishments may be found in Section II of this report.

### **Alignment of Outcomes: ACOA and the Government of Canada**

The Agency's strategic outcomes and activities are aligned with Government of Canada outcomes as found in *Canada's Performance 2005*. *Canada's Performance* provides a whole-of-government view and a "road map" of the government, from the main themes of the government's agenda to information in departmental planning and performance reports. The table below shows how ACOA's activities and outcomes link to the Government of Canada's outcomes.

Government of Canada's Outcomes <i>Canada's Performance 2005</i>	ACOA's Response
An innovative and knowledge-based economy	Enterprise Development - Innovation
Income security and employment for Canadians	Enterprise Development Community Development
A fair and secure marketplace	Enterprise Development - Entrepreneurship and Business Skills Development
A vibrant Canadian culture and heritage	Community Development : - Atlantic Canada Cultural and Economic Partnership; - Interdepartmental Partnership with the Official Language Communities; - Memorandum of Understanding with Industry Canada -- Investment in Acadian and Francophone Youth
Strong economic growth	Enterprise Development Community Development Policy, Advocacy and Co-ordination Sustainable Development Strategy
Aboriginal peoples	Community Development - Aboriginal Economic Development
A clean and healthy environment	Enterprise Development Community Development Sustainable Development Strategy

## Changes in Reporting Structure

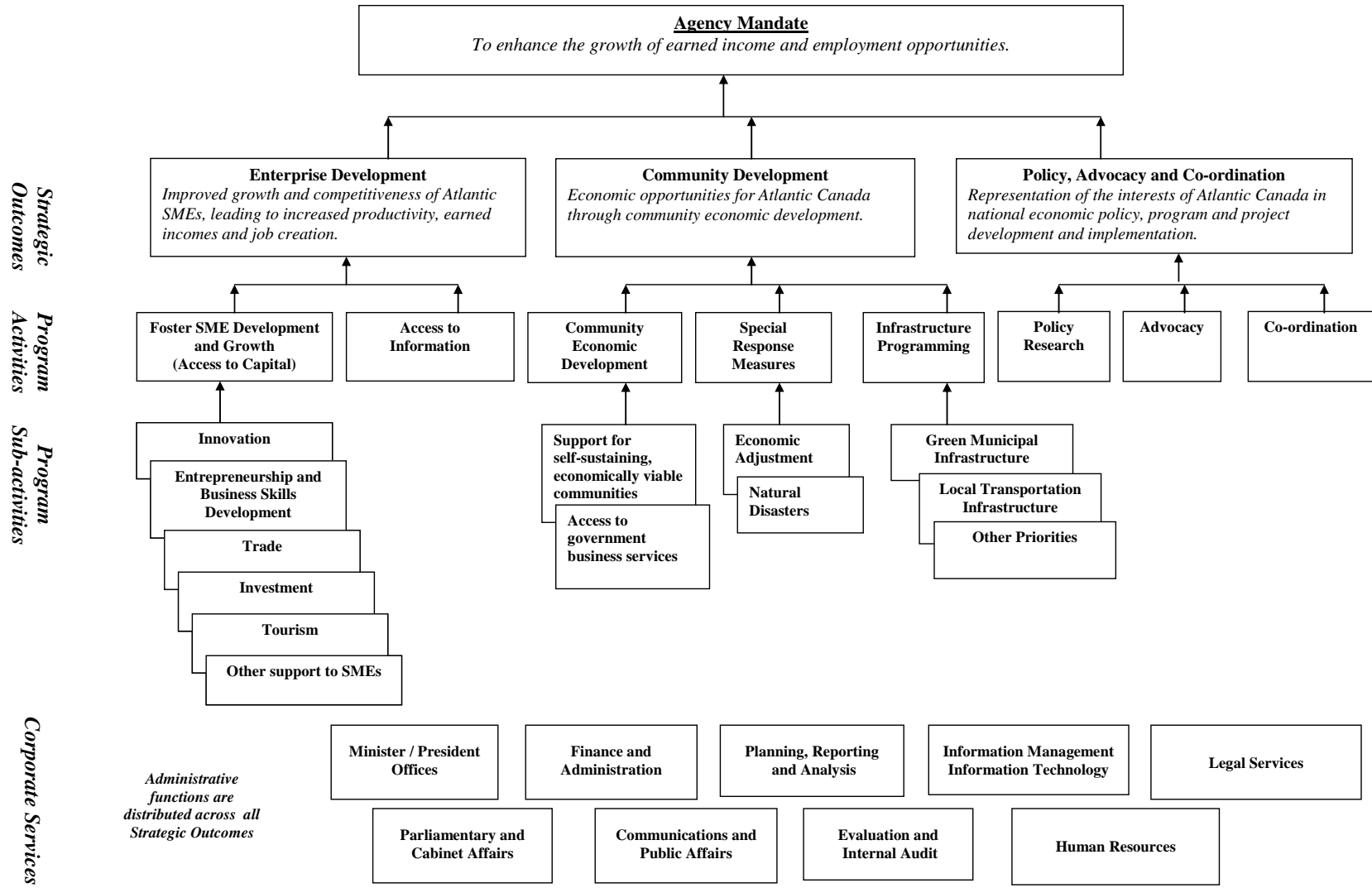
In December 2003, the Government of Canada's Treasury Board Secretariat (TBS) embarked on a process to improve the approach to gathering and reporting expenditure management and performance information for the whole of government. A new Expenditure Management Information System ensued, leading to an improved structure for reporting on the use of resources and on the results achieved. This new structure, the Program Activity Architecture (PAA), is the key to linking the components and activities related to planning and reporting. In concert with the TBS, ACOA completed the adoption of its new PAA in the summer of 2004.

This Departmental Performance Report shows both planned and actual results achieved, consistent with these new policies and initiatives and, where appropriate, financial data have been realigned. Since its launch, the PAA has evolved to better reflect the Agency's activities and business. Specifically, there has been a shift in terminology for certain Program Activities and Sub-Activities. In order to clarify this and to be as consistent as possible, the terminology used during 2004-2005 is being used throughout this report, with the previous terminology in brackets where appropriate. The following table demonstrates changes in the structure, ensuring consistency between the financial tables in this report and the amounts displayed in the 2004-2005 Estimates and Public Accounts.

2004-2005 DPR: Program Activities	2004-2005 Estimates and Public Accounts: Business Lines		
	Development	Corporate Administration	Total
<b>Enterprise Development</b>			
<b>Foster SME Development and Growth (Access to Capital)</b>			
Main Estimates	258.7	16.1	274.8
Planned Spending	258.7	16.1	274.8
Total Authorities	263.1	16.5	279.6
Actual Spending	<b>252.9</b>	<b>15.6</b>	<b>268.5</b>
<b>Access to Information</b>			
Main Estimates	2.7	0.1	2.8
Planned Spending	2.7	0.1	2.8
Total Authorities	3.1	0.2	3.3
Actual Spending	<b>3.1</b>	<b>0.2</b>	<b>3.3</b>
<b>Community Development</b>			
<b>Community Economic Development</b>			
Main Estimates	77.2	7.7	84.9
Planned Spending	114.7	7.7	122.4
Total Authorities	123.2	7.4	130.6
Actual Spending	<b>109.0</b>	<b>6.7</b>	<b>115.7</b>

<b>Special Response Measures</b>			
Main Estimates	47.5	-	47.5
Planned Spending	47.5	-	47.5
Total Authorities	18.1	-	18.1
Actual Spending	<b>18.1</b>	-	<b>18.1</b>
<b>Infrastructure</b>			
Main Estimates	48.9	-	48.9
Planned Spending	48.9	-	48.9
Total Authorities	33.3	-	33.3
Actual Spending	<b>33.3</b>	-	<b>33.3</b>
<b>Policy, Advocacy and Co-ordination</b>			
<b>Policy Research</b>			
Main Estimates	11.4	0.7	12.1
Planned Spending	11.4	0.7	12.1
Total Authorities	3.9	0.2	4.1
Actual Spending	<b>3.9</b>	<b>0.2</b>	<b>4.1</b>
<b>Advocacy</b>			
Main Estimates	3.6	0.2	3.8
Planned Spending	3.6	0.2	3.8
Total Authorities	5.3	0.3	5.6
Actual Spending	<b>5.3</b>	<b>0.3</b>	<b>5.6</b>
<b>Co-ordination</b>			
Main Estimates	1.7	0.1	1.8
Planned Spending	1.7	0.1	1.8
Total Authorities	1.6	0.1	1.7
Actual Spending	<b>1.6</b>	<b>0.1</b>	<b>1.7</b>
<b>Totals</b>			
Main Estimates	451.7	24.9	476.6
Planned Spending	489.2	24.9	514.1
Total Authorities	451.6	24.7	476.3
Actual Spending	<b>427.2</b>	<b>23.1</b>	<b>450.3</b>

# ACOA's Program Activity Architecture



## **Section II – Analysis of Performance by Strategic Outcome**

### *Organization of Section II:*

#### Strategic Outcome – Enterprise Development

Program Activity: Foster SME Development and Growth (Access to Capital)

Program Sub-activity: Innovation

Program Sub-activity: Entrepreneurship and Business Skills Development

Program Sub-activity: Trade

Program Sub-activity: Investment

Program Sub-activity: Tourism

Program Sub-activity: Other Support to SMEs

Program Activity: Access to Information

#### Strategic Outcome – Community Development

Program Activity: Community Economic Development

Program Sub-activity: Support for Self-sustaining Economically Viable Communities

Program Sub-activity: Access to Government Business Services

Program Activity: Special Response Measures

Program Activity: Infrastructure Programming

#### Strategic Outcome – Policy, Advocacy and Co ordination

Program Activity: Policy Research

Program Activity: Advocacy

Program Activity: Co-ordination

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### ***Strategic Outcome – Enterprise Development***

*Improved growth and competitiveness of Atlantic SMEs,  
leading to increased productivity, earned incomes and job creation.*

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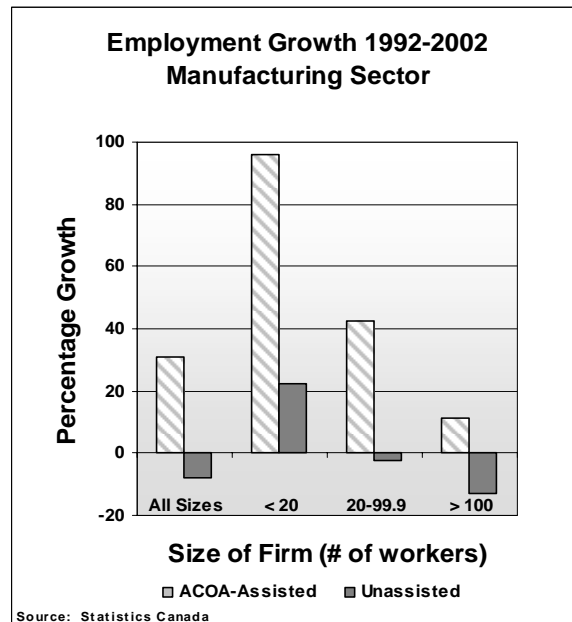
Through a wide variety of programs and services, ACOA helps SMEs to start up, expand and modernize, and works to improve the environment for business development by focussing on two activities: fostering the growth and competitiveness of SMEs, and facilitating access to business information.

Part of ACOA's mandate is to enhance the growth of earned incomes and employment opportunities in the region. The Agency is successful in its endeavours, as evidenced by the employment growth of ACOA-assisted firms. Statistic Canada data show that the percentage increase in employment growth consistently remains higher than that of unassisted firms. Over the period 1992-2002, employment growth in ACOA-assisted

firms exceeded that of unassisted firms, both on an all-industry basis (32% versus 22%) and for the crucial manufacturing sector (31% versus a decline of 8%).

The data show even better results for the smaller manufacturing firms. For firms with fewer than 20 workers, the percentage change in employment growth for ACOA-supported firms is four times that of unassisted firms. Sixty-five percent of ACOA-supported manufacturing firms are categorized as small.

The \$700-million Atlantic Investment Partnership (AIP), launched in 2000, has greatly benefited the region, allowing for increased economic development. Atlantic Canada now has more R&D activity, more opportunities in rural communities, more exports and exporters, more foreign investment, and better skilled entrepreneurs.



The AIP has achieved positive results specific to the Enterprise Development Strategic Outcome. One example is the Atlantic Innovation Fund (AIF). Under the AIP umbrella, the AIF has proven to be a key catalyst in encouraging strong partnerships among businesses and the research community, increasing innovation capacity in Atlantic Canada, and encouraging the commercialization of new products, processes and services. As a second example, a series of highly successful Team Canada Atlantic trade missions to the United States have already generated over \$35 million in export sales for participating Atlantic Canadian companies. Other examples of positive results include investments in SMEs for training or to hire highly skilled workers through the Innovation Skills Development Initiative, to help improve the growth and competitiveness of women-owned businesses through the Women in Business Initiative, and to enable more young Atlantic Canadians to develop the skills needed to successfully launch and grow a business through the Young Entrepreneur Development Initiative. The AIP has made a \$60-million investment in building human capital in the Atlantic region.

To support existing and aspiring entrepreneurs, the Canada Business Service Centres (CBSCs) provide business-related services and information products. Interaction between the CBSCs and their clients has almost doubled over the past two years. The CBSCs continuously adapt their information products and tools to keep up with technology and client needs (e.g. self-serve Internet access, customized service packages and information guides on pertinent business themes).

**Program Activity:  
Foster SME Development and Growth (Access to Capital)**

*Provide assistance to improve the climate for business growth to small and medium-sized enterprises to help them start, expand or modernize their businesses.*

Financial Resources (\$ millions)			Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual	Planned	Authorities	Actual
274.8	279.6	268.5	372	372	372

ACOA recognizes that increased competitiveness is a key factor in achieving expanded employment opportunities and higher living standards for the Atlantic region. To help the region’s economy shift its output to high-productivity activities and associated higher levels of real wages, the Agency focusses on small and medium-sized enterprises (SMEs). Productivity growth is impressive for ACOA-assisted firms, being more than three times that of unassisted firms. ACOA’s impact on firms with fewer than 20 employees is evident, with productivity growth more than doubling, compared to a decrease of 18.5% for unassisted firms.<sup>2</sup>

The impact of ACOA programming is also evident in the increase in payroll growth of ACOA-assisted firms. Statistics Canada data indicate that the average payroll increase over a ten-year period (1992-2002) is 23% higher for assisted firms than for unassisted firms.

To become more competitive and growth-oriented, ACOA assists firms to recruit experts and train existing staff. But it doesn’t stop with existing firms; ACOA exposes youth, through the school systems and universities, to activities and presentations that help young people become more aware of entrepreneurship and gain business management skills. ACOA encourages a co-ordinated federal approach to tourism development by maintaining or forming strategic partnerships. Further, technology development under ACOA programs helps to strengthen strategic technology networks and allows for resource sectors to increase their competitiveness.

All of these crucial activities allow for stronger, more stable businesses, thus contributing to the survival of Atlantic SMEs. The five-year business survival rate for ACOA clients is more than two times that of unassisted businesses. The impact of ACOA programming is once again evident for smaller firms (firms with fewer than 20 workers). After one year of operating, the survival rate is 76% (24% of supported firms fail within the first year). After five years, approximately 55% are still operating. These figures compare with a survival rate of 60% for unassisted firms after one year, and only 22% after five years.

<sup>2</sup> Source: Statistics Canada, Proxy for Labour Productivity, 1999-2001.

ACOA also works to disseminate market intelligence to private and public sector partners to allow for a more effective use of federal, provincial and private sector financial resources. In addition, unsecured loans provided to Atlantic firms act much like equity, making the eligible projects more “bankable” and leveraging funding from other sources. Under ACOA’s Business Development Program, close to 500 Atlantic SMEs benefited from financial assistance in 2004-2005.

### **Program Sub-activity: Innovation**

***Increase activity in and build capacity for innovation, research and development (R&D) of technologies, products, processes or services, technology adoption/adaptation and commercialization of R&D outputs that contribute to economic growth in Atlantic Canada.***

ACOA strives to ensure small and medium-sized enterprises, universities and regional communities become more innovative in the development and adoption of new products, services and technologies. Developing and adopting new products and services that are currently unavailable in the market place will give businesses a competitive advantage critical to capturing market share and maintaining good profit margins. The Agency, through its policies and varied funding programs, such as the Atlantic Innovation Fund (AIF) and the Innovation component of the Business Development Program (BDP), is working with all stakeholders to improve the level of development and adoption within the region.

Financial Resources (\$ millions)	
Planned Spending	124.8
Authorities	116.4
Actual Spending	116.4

Recently, the AIF Results-Based Management and Accountability Framework called for a formative (interim) evaluation mid-way through the five-year life of the program. Conclusions of the evaluation include:

- The AIF is a good model that addresses an actual need.
- The overall Request For Proposals Process, with an Advisory Board, is leading to the selection of the best projects.
- The program is already having a positive impact in terms of leveraging an additional \$1.14 for every dollar it has invested in projects; helping to form meaningful partnerships; increasing R&D capacity and activity; and showing signs of contributing to the development and commercialization of new products, processes and services.

Other Agency observations include:

- There has been an increased emphasis on commercialization by universities and other research organizations.
- Universities and other research organizations are partnering with businesses, as well as with each other, at a level not seen before. Such partnerships are highly desirable for the advancement of Innovation in Atlantic Canada.
- New scientists and researchers are being attracted to Atlantic Canada.



- A significant number of approved AIF projects (71) will augment development of the emerging clusters in the region of aquaculture, information technology, life sciences, and oil and gas/oceans technology.

More information on innovation is available on ACOA’s Web site at:

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

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Increase activity in, and build capacity for, innovation and R&amp;D leading to new technologies, products, processes or services that contribute to economic growth in Atlantic Canada.</p>	
<p><b>Target:</b> First-time partnerships for technology development and commercialization – 30 per year.</p>	<p><b>Result:</b> <i>Target exceeded. Achieved 55.</i></p>
<p>The Agency has implemented a number of new AIF R&amp;D projects in the region. For instance, through the AIF, ACOA implemented all of its 55 R&amp;D projects under Round II of the program, featuring new strategic partnerships between the universities, the private sector and government.</p>	
<p><b>Target:</b> Strengthened strategic sectors/clusters (e.g. aquaculture, ocean industries, biotechnology, information technology) – four sectors/clusters per year.</p>	<p><b>Result:</b> <i>Target exceeded. Strengthened 10 sectors.</i></p>
<p>Sectors strengthened as a result of assistance under the AIF and BDP-Innovation were: information technology (wireless, software and e-business), biotechnology, fisheries, health and medical, forestry, aquaculture, environmental technologies, oil and gas, manufacturing/processing, and mining.</p>	
<p><b>Target:</b> Strengthened innovation system linkages through support to strategic technology networks – two per year.</p>	<p><b>Result:</b> <i>Target met. Strengthened two innovation system linkages.</i></p>
<p>Springboard Atlantic Inc., supported under the AIF, is a major pan-Atlantic initiative involving 14 Atlantic universities, which focusses on commercialization of university research. In addition, through the BDP, ACOA supported the establishment of five Industry Liaison Offices at universities in mainland Nova Scotia, whose primary role is commercializing university research outcomes. This initiative is complementary to Springboard Atlantic Inc.</p>	
<p><b>Target:</b> Strengthened technology development that allows resource sectors to increase their competitiveness – two sectors.</p>	<p><b>Result:</b> <i>Target exceeded. Strengthened five sectors.</i></p>
<p>Resource sectors strengthened as a result of technology development under the AIF and BDP were: oil and gas, fisheries, mining, forestry and agriculture. One of the significant non-commercial projects was a \$10-million BDP contribution to Memorial University of Newfoundland for the Inco Innovation Centre. This funding is in addition to the \$13.1 million contribution under Round II of the AIF, which was approved in 2003-2004. This incremental funding provides additional R&amp;D capacity to the centre, primarily in the area of hydrometallurgical processing, thereby contributing to the R&amp;D requirements of the Voisey’s Bay project’s hydrometallurgical demonstration scale processing facility.</p>	

<p><b>Plan:</b> Improve SME access to risk-oriented financing for innovation projects, thus increasing the capacity for commercialization of R&amp;D outputs.</p>	
<p><b>Target:</b> New innovation projects – 45 per year.</p>	<p><b>Result:</b> <i>Target met.</i></p>
<p>Through the BDP, assisted 45 R&amp;D projects that have commercialization of new products, processes or services as an objective.</p>	
<p><b>Target:</b> Start-ups of technology-based SMEs – six per year.</p>	<p><b>Result:</b> <i>Target exceeded. Funded 17 technology-based SMEs in the start-up phase.</i></p>
<p><b>Plan:</b> Improve the awareness and implementation of commercialization and technology development processes at the SME, academic and institutional levels by developing innovation partnerships and by hosting awareness sessions and commercialization sessions targeting SMEs, government and university research institute participants.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• 15 innovation awareness sessions, targeting 180 participants.</li> <li>• Seven advanced innovation sessions.</li> </ul>	<p><b>Result:</b> <i>Targets exceeded. Conducted 28 sessions, with approximately 640 participants.</i></p>
<p>The Agency was involved in session topics on strategic clusters, including: information technology, biotechnology, health and medical, oil and gas, aquaculture, e-commerce, environmental technologies, software, manufacturing, mining, forestry and advanced materials. For example:</p> <ul style="list-style-type: none"> <li>• In Nova Scotia, ACOA supported sessions to target Innovative Management Practices, including Lean Manufacturing.</li> <li>• In Prince Edward Island, ACOA held bioscience sector networking events and a session on patent-protecting in biotechnology.</li> <li>• Enterprise Cape Breton Corporation held a session on wireless technology in Cape Breton.</li> <li>• In New Brunswick, ACOA implemented IT awareness sessions and a session on new product development.</li> </ul>	

**Program Sub-activity:  
Entrepreneurship and Business Skills Development**

***Foster opportunities for Atlantic Canadians to develop the motivation and business skills required to start, sustain or grow their own businesses.***

ACOA and its partners take on the critical work of ensuring that more Atlantic Canadians have opportunities to develop the skills needed to start and grow a business, for those new businesses create jobs and economic growth in Atlantic Canada.

Financial Resources (\$ millions)	
Planned Spending	35.4
Authorities	28.6
Actual Spending	28.6

ACOA understands that people must first become aware that entrepreneurship is a realistic career option. This is why ACOA supports entrepreneurship awareness and

promotion, primarily targeting the region's youth. Youth must know that they are capable of creating their own futures here in Atlantic Canada. Aspiring entrepreneurs need access to ways of exploring entrepreneurship. ACOA supports an array of training options, workshops and venturing programs that enable Atlantic Canadians interested in entrepreneurship to learn what it takes to conceive, plan and start a business. Once in business, entrepreneurs need access to ongoing support and opportunities to hone their skills. ACOA supports ongoing training, mentoring and other means of enhancing business skills.

Recent evaluations indicate that these investments are working. Some key results flowing from independent evaluations of three of ACOA's principle entrepreneurship and business skills development programs are as follows.

#### Innovation Skills Development Initiative (ISDI)

- 90% of firms saw early indications that their ISDI-supported projects would result in additional innovative activity in their respective firms.
- A high percentage of respondents (84%) considered ISDI to be addressing the most critical skills gap in their firms.
- As a result of the ISDI project, over one-half of the firms had already made additional investments in skills development.

#### Women in Business Initiative (WBI)

- The evaluation concluded that the WBI is meeting the needs of women entrepreneurs in Atlantic Canada, with the great majority of clients (approximately 88%) indicating they needed the initiative's services.
- Because of the WBI, women business owners now have better access to business advice and support services, including training and networking opportunities. (In 2004-2005, over 2,000 women business owners received business counselling through the WBI.)
- The WBI is addressing access to capital challenges faced by women. Approximately one out of every five women who would have been turned down for a loan before the WBI is now able to obtain a loan.

#### Young Entrepreneur Development Initiative (YEDI)

- A strong majority (88%) of participants agreed that the YEDI activity gave them a positive view of owning a business.
- The majority (72%) of YEDI participants said they are likely to start their own businesses.
- Of those young people who had already started a business, a strong majority (83%) agreed that the YEDI activity in which they participated will help them grow their businesses.

Details on the results of evaluations may be viewed on ACOA's Web site at:

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

More information on entrepreneurship is available on ACOA’s Web site at:  
<http://www.acoa-apeca.gc.ca/e/business/entrepreneurship.shtml>.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Increase awareness of entrepreneurship as a career option, particularly among young Atlantic Canadians.</p>	
<p><b>Target:</b>                  Encourage entrepreneurship by exposing a minimum of 50% of 15-29 year olds in Atlantic Canada to entrepreneurial role models through use of media, such as television and the Internet.</p>	<p><b>Result:</b>  <i>Target not met.</i></p>
<p>It is estimated that over 80,000 young Atlantic Canadians (17% of 15-29 year olds) were exposed to entrepreneurship as a career option through various activities, including presentations in schools, and through the media and Internet. Although this represents good exposure, it is lower than anticipated due to the fact that some awareness activities could not be implemented as planned.</p>	
<p><b>Target:</b>                  Deliver leadership and entrepreneurship skills workshops to approximately 700 youth.</p>	<p><b>Result:</b>  <i>Target exceeded.</i></p>
<p>Activity in this area was much greater than anticipated with approximately 9,000 youths participating in leadership/entrepreneurship skills development activities, such as training and workshops.</p>	
<p><b>Target:</b>                  Expose more than 200 university students to activities that will help them gain skills in entrepreneurship and other aspects of business management.</p>	<p><b>Result:</b>  <i>Target exceeded.</i></p>
<p>Over 900 university students developed their entrepreneurship and business skills through Agency-funded activities. These included internships and entrepreneurship course work developed with ACOA support.</p>	
<p><b>Target:</b>                  Expose approximately 700 junior and senior high school students to a multimedia presentation that promotes entrepreneurial opportunities.</p>	<p><b>Result:</b>  <i>Target exceeded.</i></p>
<p>578 students received presentations to make them more aware of entrepreneurs and business opportunities in non-traditional growth sectors. As well, DVDs highlighting entrepreneurial opportunities and business planning skills were distributed through schools to a potential audience of 4,500.</p>	
<p><b>Target:</b>                  Increase awareness of, and participation in, entrepreneurial opportunities and activities of Aboriginal youth.</p>	<p><b>Result:</b>  <i>On track. ACOA continues to work to increase awareness of entrepreneurship among Aboriginal youth.</i></p>
<p>Over 800 Aboriginal youth participated in activities including business planning competitions, entrepreneurship camps, training and workshops. The Nunatsiavut Business Centre in Happy Valley-Goose Bay has enhanced its services and is expecting 350 clients per year, including youth.</p>	

<p><b>Plan:</b> Promote life-long learning by supporting opportunities for Atlantic Canadians to learn about entrepreneurship, to access business support services, to network and to share best practices and improve their business management skills to help them successfully start and grow their businesses.</p>	
<p><b>Target:</b> Contribute to business survival and growth rates by providing opportunities for at least 1,400 Atlantic Canadians per year to participate in business management skills development workshops, seminars and other similar activities.</p>	<p><b>Result:</b> <i>Target exceeded.</i></p>
<p>Over 3,000 entrepreneurs had the opportunity to improve their business skills in workshops, conferences and related activities.</p>	
<p><b>Target:</b> Support youth entrepreneurship by assisting 400-500 young people to create small businesses as a means of obtaining summer employment.</p>	<p><b>Result:</b> <i>On target.</i></p>
<p>Through various summer and student venturing activities, 460 young people learned what it takes to create their own jobs for the summer.</p>	
<p><b>Plan:</b> Provide enhanced opportunities for Atlantic Canadian entrepreneurs to continue to improve and apply their business management skills, and become more competitive and growth-oriented. This will be achieved mainly through three initiatives: the Innovation Skills Development Initiative (ISDI), the Women in Business Initiative (WBI), and the Young Entrepreneur Development Initiative (YEDI). Activities include business counselling and advisory services, as well as training and professional development opportunities and support.</p>	
<p><b>Target:</b> ISDI: Assist approximately 200 firms over the three-year period 2003-2004 through 2005-2006 to train existing staff and recruit experts, experienced managers and skilled graduates.</p>	<p><b>Result:</b> <i>Target exceeded.</i></p>
<p>As of March 31, 2005, 416 projects with Atlantic Canadian firms had been undertaken.</p>	
<p><b>Target:</b> WBI: Assist approximately 1,000 women business owners over the three-year period 2003-2004 through 2005-2006 to strengthen their management capabilities and business development skills.</p>	<p><b>Result:</b> <i>Target exceeded.</i></p>
<p>In 2004-2005 alone, over 2,000 women business owners received business counselling through the WBI. As well, 672 accessed business management skills training, 197 accessed consultant support, 879 attended workshops, and over 3,000 attended business information sessions. Eight entrepreneurs participated in an innovation training pilot, with participants rating this intensive approach and the results achieved very positively.</p>	

**Target:**

YEDI: Involve approximately 3,000 young people over the three-year period 2003-2004 through 2005-2006 in activities and programs designed to develop the attitudes and business skills needed to successfully launch and grow a business. It is anticipated that increased exposure to experiential learning opportunities will lead young entrepreneurs to apply these new skills and knowledge to their own ventures.

**Result:**

*Target exceeded.*

A review of YEDI undertaken in 2004-2005 indicated that approximately 6,000 young people had, at that time, participated in YEDI-supported activities.

**Program Sub-activity: Trade**

*Provide assistance to help businesses enter international markets, strengthen international marketing capabilities and improve international business performance.*

During 2004-2005, ACOA continued its role in strengthening the export performance of the Atlantic region by enhancing the capabilities of small and medium-sized businesses to establish and expand through international activities. In this capacity, ACOA continues to organize various trade awareness and counselling sessions and provide SMEs with critical mentoring and coaching to become exporters. ACOA is also involved in helping students and graduates get hands-on experience in the trade industry, while assisting new and existing export firms to strengthen their export capacity.

Financial Resources (\$ millions)	
Planned Spending	30.2
Authorities	24.3
Actual Spending	24.3

In 2004-2005, ACOA supported the development and implementation of several export sector strategies under the Atlantic Trade and Investment Partnership (ATIP), a five-year federal initiative designed to help Atlantic Canada realize its full potential in both international trade and investment. Through ATIP, ACOA continued its work with partners in the private sector, academia, provincial governments and other federal departments to develop initiatives aimed at building the export capacity of Atlantic Canadian SMEs during 2004-2005.

Trade missions continue to be a catalyst for initiating and expanding export activity in the region. The combined participation of companies, associations, industry leaders and key government officials results in such things as increased market intelligence, strategic alliances, the creation of jobs, and increased export sales.

More information on trade is available on ACOA's Web site at:  
<http://www.acoa-apeca.gc.ca/e/business/trade/index.shtml>.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Provide regional trade information and support awareness of exporting as a growth option to Atlantic Canadian firms through trade awareness sessions, one-on-one counselling, conferences, seminars, and trade mentoring/coaching programs.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• Assist 400 potential exporters in committing to exporting and meeting basic export readiness/skills.</li> <li>• Assist 60 SMEs in becoming new (first-time) exporters.</li> <li>• Conduct 20 trade mentoring/coaching consultations.</li> </ul>	<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• <i>Target exceeded. 1,705 potential exporters were assisted.</i></li> <li>• <i>Target exceeded. 79 first-time exporters were assisted.</i></li> <li>• <i>Target exceeded. 115 trade mentoring/coaching consultations were provided throughout region.</i></li> </ul>
<p>In New Brunswick, ACOA organized nine trade mentoring/coaching consultations throughout provincial communities. Moreover, 933 businesses, representing potential exporters, attended sessions aimed at increasing their export readiness/skills. In Nova Scotia, 29 potential exporters were assisted through strategic trade missions, including a multi-sectoral trade mission of young entrepreneurs to the Boston market. In Newfoundland and Labrador, trade initiatives were offered in key areas of focus for SMEs, including transportation and border crossings and logistics management, which were aimed at increasing the export capacity of participating firms.</p>	
<p><b>Plan:</b> Develop a larger Atlantic Canadian pool of skilled and experienced trade specialists, and facilitate the employment of more qualified trade graduates of Atlantic Canadian universities/colleges, through initiatives such as the Export Partnering Program and the Export Internship for Trade Graduates.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• Enable 20 trade graduates to gain practical work experience through internships with firms that are new and/or existing exporters.</li> <li>• Enable 20 students to gain first-hand international trade experience through participation in the development of research and export marketing plans for firms that are new and/or existing exporters.</li> </ul>	<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• <i>Target exceeded. 55 students placed.</i></li> <li>• <i>Target exceeded. 54 students participated.</i></li> </ul>
<p>Under the Export Internships for Trade Graduates (EITG) program, the Agency, in partnership with Atlantic Canadian post-secondary institutions, placed 54 university students (who completed formal training in the area of trade) with companies actively pursuing new export markets. This program provides hands-on, trade-related work experience for the students, while contributing to the export performance of the region by providing SMEs with in-house trade expertise.</p> <p>The Export Partnering Program (EPP) in New Brunswick continues to be highly successful in meeting its goals. Partners this year included the University of New Brunswick (Fredericton and Saint John campuses) and the <i>Université de Moncton</i>, Atlantic Baptist University (a new academic partner), Industry Canada and Trade Team New Brunswick. The EPP seeks to ensure that small and medium-sized businesses are equipped with the skills they need to become export savvy by pairing companies that lack exporting experience with teams of business students specializing in marketing programs. During the 2004-2005 academic year, 10 companies were matched. This co-operation and collaboration culminated in a trade mission to Boston at the end of the academic year (May 2004). Companies have gone on to increased export sales and partnerships within the New England market as a result of this initiative; moreover, participating students have gained practical hands-on experience working in international development.</p>	

<p><b>Plan:</b> Promote export development partnerships, consensus and “clusters of capability” in sectors/sub-sectors through the development of selected sector export strategies.</p>	
<p><b>Target:</b> Engage industry associations in the development and/or implementation of eight sector export strategies.</p>	<p><b>Result:</b> <i>Target exceeded. 27 sectors strategies were developed and/or implemented through the engagement of industry associations.</i></p>
<p>Under the Atlantic Trade and Investment Partnership (ATIP) program, the Agency supported the development and implementation of five pan-Atlantic strategies within the cultural, life sciences and environmental industries, as well as 22 provincially based strategies, including some of the following:</p> <ul style="list-style-type: none"> <li>• energy, boatbuilding and the film industry in Nova Scotia;</li> <li>• environmental industries, agri-food and agriculture, and information technology in New Brunswick;</li> <li>• diversified manufacturing, wind energy and value-added wood products in Prince Edward Island; and</li> <li>• metalworking and boatbuilding in Newfoundland and Labrador.</li> </ul>	
<p><b>Plan:</b> Initiate and expand export activity in selected international markets through the organization of trade missions, complemented by dissemination of trade research and sector/market information through seminars and conferences.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• Provide 150 existing exporters with necessary information and skills to expand their export activities.</li> <li>• Assist 60 existing exporters in successfully securing new export markets.</li> </ul>	<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• <i>Target exceeded. 373 exporters assisted.</i></li> <li>• <i>Target exceeded. 83 exporters assisted.</i></li> </ul>
<p>A sampling of successful initiatives completed by the Agency includes:</p> <ul style="list-style-type: none"> <li>• Building on the previous success of eight trade missions to New York, Atlanta, and Boston, ACOA organized a mission to Washington. The mission enabled 27 companies and 42 business and associate delegates to explore the Greater Washington Area market.</li> <li>• An ACOA-led mission to the United Kingdom, in the aerospace and defence sector, included 14 companies, three regional associations and two economic development agency representatives. One-on-one meetings with industry leaders resulted in numerous strategic alliances and long-term agreements. In addition, select participants indicated that they expect to create jobs and implement new technologies as a result of the mission.</li> <li>• In Nova Scotia, ACOA-led missions to Los Angeles and Trinidad/Tobago assisted the energy and cultural sectors. Twenty companies participated on these missions, leading to increased market intelligence, technology exchanges, increased export sales and export development.</li> <li>• In Cape Breton, three trade missions were organized to various markets within the environmental industries and consumer products sectors, supporting 10 firms. These missions allowed participating firms to increase their export-readiness skills and secure new markets.</li> <li>• In Prince Edward Island, ACOA led missions to Chile, Barbados and east Asia, with strong participation from the private sector and post-secondary educational institutions. ACOA initiated an innovative approach to the Mexican market with a comprehensive program designed to enhance market entry. The program included a pre-market assessment, three virtual trade missions, market-specific training and concluded with a trade mission.</li> <li>• In Newfoundland and Labrador, ACOA assisted in the organization of a multi-sector mission to Ireland where 20 businesses and organizations from sectors such as information technology, tourism and culture, and environment participated. ACOA also supported the Newfoundland and Labrador Organization of Women Entrepreneurs, which organized a delegation of four women-owned apparel businesses that attended the 8th Annual Women's Apparel Rep Locator Show in Chicago. These two activities allowed participants to further their knowledge of customs and government export regulations, explore export opportunities, and form strategic alliances.</li> </ul>	



## Program Sub-activity: Investment

### Provide assistance to attract foreign direct investment.

Through the Atlantic Investment Strategy (AIS) many key initiatives were developed and implemented during 2004-2005 to support increased Foreign Direct Investment (FDI) in Atlantic Canada. A greater pan-Atlantic co-operative effort allowed for advances in the areas of investment research, investment intelligence dissemination, and innovation and lead development. In addition, pan-Atlantic activities, such as site tours and various marketing materials, supported the region in its promotion and awareness efforts and in profiling the region abroad.

Financial Resources (\$ millions)	
Planned Spending	8.5
Authorities	4.0
Actual Spending	4.0

More information on investment is available on ACOA's Web site at: <http://www.acoa-apeca.gc.ca/invest/index.shtml>.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Foreign direct investment intelligence, generation of investment leads, and greater regional investment attraction capacity by strengthening investment partnerships and marketing initiatives.</p>	
<p><b>Target:</b> Continuation of pan-Atlantic investment research and enhancement of a competitive intelligence process.</p>	<p><b>Result:</b> <i>Target achieved, with ongoing development.</i></p>
<p>An important aspect of FDI development is based on the provision of timely and relevant investment information and intelligence. During 2004-2005, the Agency developed new and improved intelligence gathering and dissemination initiatives, which resulted in a broader and timelier source of investment opportunities to be pursued directly by the Agency or passed on to provincial partners. Other key initiatives included the update of a site selector database, greater Agency involvement in KPMG's Competitive Alternatives study, and completion of numerous research pieces targeted at attracting FDI to Atlantic Canada. In Nova Scotia, ACOA completed a labour market analysis of the call centre industry aimed at identifying opportunities for investors. In New Brunswick, the Agency developed a community-based immigration plan aimed at increasing FDI opportunities for the region.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• Advocacy and liaison with Investment Partnerships Canada and the departments of Foreign Affairs and International Trade.</li> <li>• Greater co-operation between Industry Canada, the Provinces and ACOA in investment promotion and research through the Pan-Atlantic Investment Co-ordination Committee.</li> </ul>	<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• <i>Target achieved, with ongoing development.</i></li> <li>• <i>Target achieved, with ongoing development.</i></li> </ul>
<p>Continued work through the pan-Atlantic Investment Co-ordination Committee has allowed for increased co-operation between federal and provincial partners for investment promotion. Initiatives undertaken include: distribution of intelligence information, research and potential leads to the Agency's provincial partners; and the development and initial planning of pan-Atlantic initiatives to increase FDI in the region, including a Venture Capital Forum.</p>	

<p><b>Target:</b> Participation in various conferences and missions (e.g. CoreNet, Team Canada Atlantic, World Investment Summits).</p>	<p><b>Result:</b> <i>Target achieved.</i></p>
<p>Participation in the Team Canada Atlantic mission to Washington, which included: two networking luncheons; participation in various conferences and missions, including CoreNet 2004 in San Antonio, a Shared Services event in Miami and the Economic Developers Association of Canada (EDAC) conference; and participation in an Investment and Technology mission to France.</p>	
<p><b>Plan:</b> Develop and provide relevant information about the region as an attractive investment site and profile the region as part of investment missions.</p>	
<p><b>Target:</b> Engage in joint pan-Atlantic investment activities such as familiarization tours for site selectors and business editors, and investment conferences and missions.</p>	<p><b>Result:</b> <i>Target achieved, with ongoing development.</i></p>
<p>On a pan-Atlantic scale, joint initiatives, including the update of key site selector databases, were used for direct marketing purposes to support investment attraction. An ACOA-led mission to France, in the ocean technology sector, included 13 business and research and development delegates who participated in one-on-one meetings set up with industry and key government officials. This mission focussed heavily on investment attraction and technology exchanges between the two regions and led to the development of a reverse mission from France to Atlantic Canada for Fall 2005. In Prince Edward Island, ACOA continued its work with Invest PEI through the development of its Web site and promotion of the region. Invest PEI led an investment mission to northern Italy, in addition to conducting investment activities on trade missions. Furthermore, promotion of the region was undertaken in Newfoundland and Labrador, where ACOA worked with the EXCITE Corporation to host several familiarization tours for promoting various sectors and regions within the province. In Nova Scotia, familiarization tours were organized to further promote the region to EDAC site selectors.</p>	
<p><b>Target:</b> Maintain an ACOA investment Web site to provide information for site selectors/corporate investors.</p>	<p><b>Result:</b> <i>Target achieved.</i></p>
<p>A promotional strategy will be implemented aimed at directing more clients to the Agency's Web site at: <a href="http://www.acoa-apeca.gc.ca/invest">http://www.acoa-apeca.gc.ca/invest</a>.</p>	
<p><b>Target:</b> Provide timely intelligence and investment products to industry associations, federal and provincial partners and other FDI stakeholders.</p>	<p><b>Result:</b> <i>Target achieved, with ongoing development.</i></p>
<p>Lead development data were provided to partners, further helping to attract and increase FDI in Atlantic Canada.</p>	
<p><b>Target:</b> Develop a sector-specific media campaign on the region's cost advantages – advertisements to be placed in targeted U.S. and European business and sector magazines.</p>	<p><b>Result:</b> <i>Project delayed.</i></p>
<p>This project was delayed due to a change in government advertising policies during 2004-2005. To be developed in 2005-2006.</p>	

**Target:**

Production of information/awareness materials (e.g. Atlantic Advantage Profile, sector-specific e-business CD cards) for distribution to partners and contacts.

**Result:**

*Target achieved. Numerous pieces of collateral marketing materials were developed and produced for the Agency's regional partners, International Trade Canada posts abroad, site selectors in the U.S. and Europe, and other federal/provincial partners.*

Marketing materials were developed and produced for numerous sector fact sheets (including aquaculture, biotechnology, information technology, and culture) aimed at increasing awareness and promotion of Atlantic Canada as a profitable place to do business. The materials were produced in various languages for the Agency's priority markets including: Mandarin, Norwegian, German, Japanese and French. Development of investment tool kits promoting key sectors within the region were also started in areas such as aquaculture and oil and gas. In New Brunswick, the execution of Phase III of a marketing communication plan with Enterprise Miramichi and the City of Miramichi was undertaken. The objective is to attract attention to regional companies from foreign investors.

**Program Sub-activity: Tourism**

*Provide assistance to projects designed to contribute to increased growth, profitability and wages in the tourism sector through planning, advocacy and market research; product development, marketing and readiness; strategic investment in infrastructure, amenities and facilities; enhance quality of tourism product; and extend the tourism season or multi-seasonal expansion.*

As an economic sector, tourism offers significant wealth and job creation opportunities for Atlantic Canadians. During 2004-2005, tourism generated \$3.03 billion in new revenues, \$500 million in tax revenues and 110,000 jobs for Atlantic Canadians. As a percentage of the GDP, tourism contributes significantly more to the economy of Atlantic Canada (5%) than it does to the national economy (2.7%).

Financial Resources (\$ millions)	
Planned Spending	32.6
Authorities	30.2
Actual Spending	30.2

ACOA is a catalyst for tourism innovation in Atlantic Canada. Through its partnerships with tourism industry associations, private sector groups and other governments, ACOA has fostered an unprecedented, co-operative, regional approach to tourism development and marketing in Atlantic Canada. The Agency's leadership has helped focus the tourism industry's attention on strategic tourism investments and activities that increase profitability, investment and wages in the tourism sector. ACOA's strategic approach to tourism involves support to projects that extend the tourism season; enhance the quality and appeal of the region's tourism products and experiences; increase revenues and employment derived from the tourism sector; and ensure the sustainability of tourism in Atlantic Canada.

The Agency continues to build strong industry-government relationships to market Atlantic Canada as a tourism destination in international markets under the Atlantic

Canada Tourism Partnership. Marketing strategies aimed at the New England and mid-Atlantic region of the United States, Europe and Japan build upon and enhance the brand equity established by provincial partners and major industry players (transportation providers, travel agents, tour operators, destination marketing organizations) in targeted international markets.

ACTP performed exceptionally well in 2004, a year that witnessed a slower than anticipated global tourism recovery arising from depressed market conditions brought about by such events as SARS, the war in Iraq, and a stronger Canadian dollar. The 2004 ACTP resulted in a significant return on the expenditure of public funds. With an actual ROI of 17 to 1, every dollar invested in the Partnership in 2004 generated \$17.60 in tourism spending in Atlantic Canada.<sup>3</sup> This success was driven by the U.S. consumer advertising campaign, which generated \$66.9 million in advertising-generated revenue and achieved a 20.25 to 1 ROI.<sup>4</sup>

Atlantic Canada Tourism Partnership Return-on-Investment (ROI)		
	2003-2006 Target	2004 Result
U.S. Program	10:1	19:1
Overseas Program	5:1	8:1

The Tourism Atlantic Marketing Initiative (TAMI), a tourism recovery program directed at Atlantic Canada’s primary domestic tourism markets (Quebec and Ontario), met with success again in 2004. These markets continued to suffer from the lingering effects of SARS and a stronger Canadian dollar. By leveraging incremental marketing investments at the provincial level, the 2004 TAMI was a strategic means of attracting increased visitation and revenues from targeted markets. The return-on-investment (ROI) for the 2004 TAMI exceeded its objective. An ROI of 25.84 to 1 was reached, meaning that every dollar invested in the domestic marketing initiative resulted in \$25.84 in tourism spending in Atlantic Canada.<sup>5</sup>

Building the tourism industry is evident in all provinces of Atlantic Canada. ACOA invests in building tourism-related infrastructure; developing new tourism products; enhancing existing accommodation facilities; and participating in strategic marketing plans, product-readiness programs and related studies.

Tourism partnerships are flourishing in all provinces. In Newfoundland and Labrador, ACOA’s partnership approach to tourism development is exemplified by recent and significant partnerships with the provincial government and Hospitality Newfoundland and Labrador (HNL) for a new product development strategy. This strategy was the catalyst for the formation of a new federal, provincial and industry (HNL) committee that will examine the strategy’s

Tourism Atlantic Marketing Initiative		
	2004 Target	2004 Result
Visitation	75,000	99,100
Revenues	\$90.0 million	\$128.4 million
ROI	12 to1	25.84 to1

<sup>3</sup> Tourism Synergy Ltd., *Evaluation of Year 2 of the Atlantic Canada Tourism Partnership 2003-2006*, March 2005.

<sup>4</sup> U.S. Committee: Atlantic Canada Tourism Partnership, *2004 ACTP Conversion Study*, February 2005.

<sup>5</sup> Tourism Atlantic Marketing Initiative Conversion Study, January 2005.

recommendations and determine how these recommendations can be jointly implemented. With HNL being the voice of the tourism industry in Newfoundland and Labrador, the creation of this committee has enabled industry input on the strategic direction both levels of government have for tourism.

Enterprise Cape Breton Corporation (ECBC) continues to work toward the implementation of the Tourism Road Map, a strategic development plan for the tourism industry in Cape Breton. With ECBC's support, this year marked the grand opening of several major tourism infrastructure products in Cape Breton including the Membertou Trade and Convention Centre, the Port Hawkesbury Trade and Exhibition Centre and the redeveloped Sydney Marine Terminal, which will host an expanding cruise ship market. ECBC has also provided support for the expansion of the Glace Bay Miner's Museum.

In Nova Scotia, ACOA continues its partnership with the Nova Scotia Tourism Partnership Council, a collaboration of various levels of government and the tourism industry working toward the Nova Scotia Vision for Tourism. ACOA also continues to work in partnership with the Tourism Industry Association of Nova Scotia (TIANS) and the Province on projects to enhance the competitiveness of the tourism industry.

Through its partnerships with the Tourism Industry Association of New Brunswick (TIANB) and the Province of New Brunswick, ACOA participated in the creation of a new tourism development strategy for the province. Other partnerships with TIANB and the Province resulted in the delivery of a new professional development program for tourism, and ACOA's community-based partnerships created economic development, employment and investment opportunities for New Brunswick's rural communities (e.g. Aboriginal Heritage Gardens, Point-du-Chêne Wharf Rehabilitation, the Gorge in Grand Falls, and the 400<sup>th</sup> anniversary of the arrival of the French in North America).

In Prince Edward Island, a Memorandum of Understanding signed by the Tourism Industry Association of Prince Edward Island (TIAPEI), the Province and ACOA will continue to chart provincial tourism development priorities and strategies. Other partnerships with TIAPEI and Tourism PEI are addressing tourism technology issues and a new system to track and report on tourism-related activity at the provincial level, including a full assessment of the sector's economic impact and contribution to the provincial GDP. ACOA also provided significant leadership in the development of a five-year competitiveness strategy for the province's tourism industry. This industry-led strategy, developed in partnership with the newly formed provincially appointed Tourism Advisory Council, recommends new agendas for tourism research, product development and marketing.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Increase investment in and development of strategic tourism products, services, experiences and geographic areas by: administering the Bouctouche sustainable tourism communities model and mentoring program to candidate tourism communities; co-ordinating best practice missions that empower tourism operators with the knowledge required to develop in-demand, quality tourism products, services and experiences; and working strategically with sub-sector tourism product groupings.</p>	
<p><b>Target:</b> Deliver the Bouctouche model to five new tourism communities; provide post-workshop mentoring to seven tourism communities; and provide on-line training to 10 community leaders.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p>Model delivered to 11 communities. Aftercare provided to three additional tourism communities. On-line training provided to 10 community leaders.</p>	
<p><b>Target:</b> Deliver 10 new themed “best practices” missions to be attended by 120 industry and Destination Marketing Organization (DMO) representatives from Atlantic Canada.</p>	<p><b>Result:</b> <i>60% of target achieved.</i></p>
<p>Delivered six missions attended by 67 DMO representatives. Four missions postponed pending assessment and revamped mission strategy.</p>	
<p><b>Target:</b> Develop strategic public and private sector partnerships to generate five new streams of high quality, niche tourism products and experiences.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p>Significant progress being made in the development of five new streams of high quality, niche tourism products including culinary, themed retailing, tourism trails, RVs and campgrounds, and heritage tourism.</p>	
<p><b>Plan:</b> Conversion from traditional, resource-based, consumptive tourism practices to business and communities demonstrating non-consumptive and sustainable tourism practices by: working with federal/provincial partners to develop priority projects; communicating the need to focus on the quality and sustainability of the product; and providing infrastructure assistance to strategic tourism businesses.</p>	
<p><b>Target:</b> Form strategic partnerships to bring a co-ordinated federal approach to tourism development in Atlantic Canada.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p>Strategic partnership maintained/formed with the Canadian Tourism Commission, Parks Canada, Canadian Heritage and ACOA regional offices.</p>	

<p><b>Target:</b> Host four Tourism Working Group meetings to exchange information and to bring a co-ordinated regional approach to product development, tourism policy and program co-ordination.</p> <p>Quarterly Tourism Working Group meetings were held across the region.</p>	<p><b>Result:</b> <i>Target achieved.</i></p>
<p><b>Plan:</b> Increase tourism-related activity in Atlantic Canada by: forming strategic partnership to bring a co-ordinated, regional approach to marketing the Atlantic region in export markets; developing and marketing new, non-peak season tourism products; and providing leadership in the areas of brand development and brand marketing.</p>	
<p><b>Target:</b> Atlantic Canada Tourism Partnership project that generates a 10:1 return-on-investment in U.S. markets and a 5:1 return-on-investment in Japan, Germany and the United Kingdom.</p> <p>20:1 return-on-investment in U.S. consumer markets; nearly 9:1 return-on-investment in European and Asian markets<sup>6</sup>.</p>	<p><b>Result:</b> <i>Target exceeded.</i></p>
<p><b>Target:</b> 2004 Tourism Atlantic Marketing Initiative (TAMI, a tourism industry recovery project) that generates a 12:1 return-on-investment in targeted domestic markets.</p>	<p><b>Result:</b> <i>Target exceeded. Nearly 26:1 ROI</i></p>
<p><b>Target:</b> Participate in Ministerial Task Forces and Working Groups toward the development of a new National Tourism Strategy (NTS).</p> <p>Task force provided with information on its tourism investments, strategic approach to tourism, future directions, etc. Awaiting next stage in NTS development.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p><b>Target:</b> Assist five industry sub-sectors to develop and promote themed, interactive, in-demand, market-ready, peak and non-peak season tourism products and experiences.</p> <p>Sub-sectors included Atlantic Canada Cruise Association, Resorts Atlantic, Economuseums, Atlantic Outdoor Adventure Partnership, Signature Attractions of Atlantic Canada, and <i>L'Acadie</i>.</p>	<p><b>Result:</b> <i>Target exceeded.</i></p>

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<sup>6</sup>Evaluation of Year 2 of the Atlantic Canada Tourism Partnership 2003-2006, by Tourism Synergy Ltd., March 2005.

<p><b>Plan:</b> More effective use of federal, provincial and private sector financial resources by: informing tourism businesses and lenders about highest productivity tourism products, strategic investment areas and emerging opportunities in tourism; and forming strategic planning partnerships with federal and provincial governments, industry groups, industry associations, etc.</p>	
<p><b>Target:</b> Host five workshops/information sessions attended by private and public sector lenders.</p>	<p><b>Result:</b> <i>Project cancelled.</i></p>
<p>Workshop pre-planning revealed significant shift in lenders' ability to make investment decisions regionally. Project deemed un-actionable.</p>	
<p><b>Target:</b> Revise communication strategy directed at disseminating market intelligence to private and public sector partners.</p>	<p><b>Result:</b> <i>Target achieved</i></p>
<p>Continued dedication of one staff person to the co-ordination of ACOA's pan-Atlantic tourism communication efforts. Resulted in increased communication efficiencies.</p>	
<p><b>Target:</b> Maintain strategic partnerships with 15 industry groups, associations, etc.</p>	<p><b>Result:</b> <i>Target exceeded.</i></p>
<p>Strategic partnerships established or maintained with ten provincial and two territories governments, four federal agencies, five tourism industry associations and seven industry groups.</p>	



**Program Sub-activity: Other Support to SMEs**

*Provide assistance to support increased private sector investment, business planning and/or marketing for the domestic market, and to establish venture and seed capital funds.*

As of March 2005, ACOA had invested over \$774 million in almost 6,000 repayable projects under its Business Development Program since February 1995. These projects have been successful in stimulating the Atlantic Canadian economy and have helped create thousands of jobs. As a regional development agency, ACOA invests in projects that are of a higher risk than those that commercial lenders are prepared to take on – risks that are, nonetheless, carefully evaluated.

Financial Resources (\$ millions)	
Planned Spending	43.3
Authorities	76.1
Actual Spending	65.0

Ensuring that SMEs have access to capital is central to ACOA’s mandate. It is well recognized that Atlantic Canada lags behind the rest of the country with respect to the availability of venture capital. GrowthWorks Atlantic Venture Fund is a new pan-Atlantic, labour-sponsored venture capital fund that will operate in all four Atlantic provinces. The fund, once operational, will make investments in emerging and growing Atlantic Canadian SMEs that need equity to grow and prosper. These investments will range from \$500,000 to \$5 million for a minority ownership position in companies that offer potential for good profitability. Offices will be located in Halifax, St. John’s and Moncton or Fredericton, and eventually in Charlottetown. On November 19, 2004, ACOA announced an investment of \$10 million toward the start-up and operating costs of this fund.

Specific plans, targets and results are presented in the following table.

<b>Plan:</b> Assist SMEs in Atlantic Canada to establish, expand or modernize by providing capital assistance.	
<b>Target:</b> Through the Business Development Program, invest in approximately 400 Atlantic SMEs annually.	<b>Result:</b> <i>Target exceeded. Financial assistance was provided to 488 Atlantic SMEs.</i>
For example, Pro-Dive Marine Services of Mount Pearl, Newfoundland and Labrador, was assisted in developing a joint venture with Scan Mudring AS of Mandal, Norway, to provide deep water excavation services to Canada’s east coast oil industry. Such services are required by east coast operators, but there were no suppliers of these precision excavation services in North America.	

**Plan:** Maintain ACOA’s Consulting Advisory Services (CAS) and place more emphasis on counselling/mentoring and skills development/productivity improvements. (The CAS was established in 1991 to act as a tool to assist ACOA Account Managers and Development Officers in addressing specific client problems or opportunities on a timely basis.)

**Target:**  
Enhance financial partners’ awareness of ACOA’s role in the area of access to capital and information.

**Result:**  
*Ongoing. 535 CAS projects approved, worth \$2.8 million.*

These projects enhanced financial partners’ awareness of ACOA’s role in the area of access to capital and information.

In late 2003, the Access to Capital Review Committee was created to assess capital gaps and opportunities for Atlantic SMEs. Examples of recommendations that have already been implemented include improvements to the Seed Capital ConneXion Program for Young Entrepreneurs (later known as the Seed Capital Program) and assistance toward a venture capital project (GrowthWorks Atlantic Venture Fund).

### Program Activity: Access to Information

*Provide counselling, mentoring and information referrals to Atlantic Canada.*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
2.8	3.3	3.3

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
21	21	21

ACOA works to ensure that a wide variety of business development tools and resources are available to Atlantic entrepreneurs throughout all stages of the business life cycle, from the time they are thinking about setting up a new business to the time they are planning for growth and expansion. Providing wide-ranging business information, from developing business plans to finding new export markets, can tip the scale on whether a new business is created or an existing business grows. ACOA provides this service primarily through a network of Canada Business Service Centres (CBSCs) that it manages in Atlantic Canada on behalf of the Government of Canada.

Serving the business community and entrepreneurs of Canada for over 10 years, the CBSCs reduce the complexity of dealing with various levels of government by serving as a central resource for Canadian businesses.

For more information on the CBSCs, refer to Section IV, Table 13, Horizontal Initiatives.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Expand outreach to potential business clients through the availability of timely and useful information and the provision of assistance to prepare business and project plans.</p>	
<p><b>Target:</b> Develop new information products/tools and strengthen information networks/partnerships to facilitate broader access to government business information and services for Canada Business Service Centres (CBSCs) through such activities as the integration of electronic on-site libraries, increased use of electronic tools, and improved relationship with and capacity of partner sites to answer business questions.</p> <p>The CBSCs, in conjunction with the CBSC National Secretariat, developed and implemented a new contact management and client information system. The CBSCs also focussed on improving their on-line library by reducing information overlap, streamlining products, translating program information, and developing customized service packages and new information guides on pertinent business themes such as human resources, exporting and procurement. The Canada / New Brunswick Business Service Centre worked closely with ACOA and Business New Brunswick on the innovation initiative in developing a Web site for business clients. The New Brunswick CBSC also worked with the CBSC National Secretariat to move its IT environment to a Web base, which would allow for improved operability with partners at all levels of government.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p><b>Target:</b> Increase awareness of services and tools available at the CBSCs by facilitating access to information for community and business clients, by enhancing the relationship with the network of partners, and by increasing delivery of information on CBSC services and partners to the business community.</p> <p>The CBSCs continued to organize and participate in presentations, information sessions and trade shows to increase awareness of their services and tools among partners and business clientele. For example, the Canada / PEI Business Service Centre organized on-site tours for representatives of local banks, educational institutions and business groups. Continual improvement was also made to CBSC information tools. For example:</p> <ul style="list-style-type: none"> <li>• The Canada / Newfoundland and Labrador Business Service Centre developed and launched a business planning video in partnership with the Y-Enterprise Centre;</li> <li>• The Canada / Nova Scotia Business Service Centre organized focus groups with four rural communities to identify access information requirements, preferred methods of access, and to increase CBSC awareness;</li> <li>• To improve reach in southeastern New Brunswick, a satellite office was also established with the Enterprise Centre in Shediac;</li> <li>• The Canada / New Brunswick Business Service Centre worked with the NB Enterprise Network to produce a joint trade show communication tool.</li> </ul> <p>Various events were also organized relating to the CBSCs' tenth anniversary.</p>	<p><b>Result:</b> <i>On track.</i></p>

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## **Strategic Outcome – Community Development**

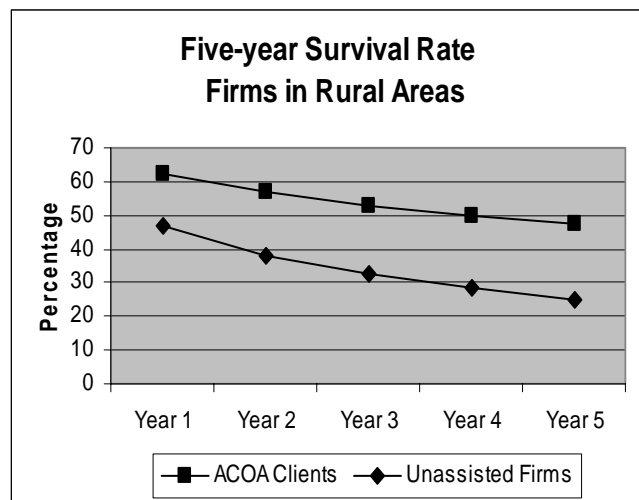
*Economic opportunities for Atlantic Canada through community economic development.*

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Community Development is about strong and sustainable communities, be they rural, urban or Aboriginal. These communities continue to be the foundation of Atlantic Canada's social and economic fabric. This is why community development remains a key component of ACOA's regional development strategy, and local involvement remains a cornerstone of this strategy.

More opportunities in rural communities were achieved due in great part to the success of the \$700-million Atlantic Investment Partnership (AIP) launched in 2000. The Strategic Community Investment Fund (SCIF) has had substantial impact on the economy of rural Atlantic Canada by supporting initiatives that help smaller communities strengthen their economic base and stimulate investment and job creation. Since its launch, SCIF has invested \$178 million in 486 community initiatives worth a total of \$383 million.

In 2004-2005, ACOA continued to support its communities in addressing their priorities and achieving new growth and economic opportunities. The support that ACOA provides toward community development is strengthening the rural economy. The five-year survival rate for ACOA-assisted rural businesses is almost two times that of unassisted firms in rural areas. Community Economic Development activities and programming empower communities to take responsibility for managing their own future and creating opportunities for economic development. Access to the right business services is critical to new and existing entrepreneurs, including information, guidance, counselling and financing. The Community Business Development Corporations offer these services and are key players in community development.



The Special Response Measures are designed to facilitate alternate and replacement economic opportunities in communities or areas that experience closure of significant employers or other significant shocks to employment. Infrastructure Programming enhances municipal infrastructure in urban and rural communities throughout Atlantic Canada. Since 2000, the federal government has committed close to \$169 million for more than 630 projects under the Infrastructure Canada Program.

## Program Activity: Community Economic Development

*Provide assistance to improve the climate for business growth and/or to small and medium-sized enterprises to help them start, expand or modernize their businesses.*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
122.4	130.6	115.7

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
165	165	160

There are 867 communities<sup>7</sup> in Atlantic Canada, 97% of which have a population of less than 10,000. In addition, 46.1% of the region’s population lives in rural areas. While the overall economy of the Atlantic region has fared quite well over the past five years, unemployment, youth outmigration and rural depopulation remain significant challenges for Atlantic Canada. For example, over the past decade, Atlantic Canada’s rural population declined by 7.5% and the number of Atlantic Canadians aged 15 to 29 declined by over 20% (which translates into a loss of over 115,000 young people).

For these reasons, ACOA continues to focus on community economic development to foster business and economic opportunities for communities within Atlantic Canada. Such activity and programming empower communities to take responsibility for managing their own future and building community capacity. Such activities:

- help to create self-sustaining, economically viable communities by supporting community economic development organizations in developing and implementing strategic and operational plans; and
- enhance potential, new and existing small and medium-sized enterprises to access government business services in the areas of financing, counselling and information.

### **Program Sub-activity: Support for Self-sustaining Economically Viable Communities**

*Support initiatives that improve the economic base of communities in the long term.*

Strong communities, both rural and urban, are the foundation for economic growth in Canada. As such, ACOA’s efforts continue to focus on creating strong, sustainable communities throughout the region. The Agency does this by supporting community economic development organizations in developing and implementing strategic and operational plans.

Financial Resources (\$ millions)	
Planned Spending	110.1
Authorities	117.2
Actual Spending	102.3

<sup>7</sup> Source: Statistics Canada 2001 Census of Canada. In the 2001 Census of Canada, communities are known as census subdivisions or municipalities.

Recognizing that local involvement is critical to community-based economic development strategies, ACOA, for example, continues to work with regional and local partners, such as the 41 Community Business Development Corporations (CBDCs) and the 52 Regional Economic Development Organizations (REDOs) in Atlantic Canada, to build community capacity to create viable opportunities for community and economic development.

To build community capacity, the Agency works with its community partners to help develop strategic tools to assist them in achieving their economic objectives. Such tools include training, integrated work plans, business plans and strategic plans. The Agency also works closely with communities of interest, particularly rural, Black, Acadian and Aboriginal communities to enhance opportunities for growth.

ACOA’s Strategic Community Investment Fund (SCIF) continued to help communities throughout Atlantic Canada to create opportunities for economic development in order to stimulate investment and job creation. This five-year program ended in March 31, 2005. A formative evaluation of this program, which was conducted in 2004-2005, found that this program is a good model and that SCIF projects meet the program objectives. ACOA will continue to place emphasis on the diversification and enhancement of economies of Atlantic communities through its programming.

The Agency’s Seed Capital ConneXion Program for Young Entrepreneurs (later known as the Seed Capital Program), which is delivered by the CBDCs and urban-based partners, continues to help young Atlantic Canadians between the ages of 18 and 29 years to start and expand businesses and provide them with opportunities to enhance their business management skills.

Specific plans, targets and results are presented in the following table.

<b>Plan:</b> Strengthen community planning and development through increased use of strategic community planning tools.	
<b>Target:</b> Achieve a stronger community planning process and economic base by using tools such as SCIF, the 41 CBDCs, and the 52 REDOs and other federal and provincial partners.	<b>Result:</b> <i>Ongoing. ACOA continues to assist in enhancing community planning.</i>
ACOA continues to work in partnership with 52 REDOs throughout Atlantic Canada, and ongoing support continues for the 41 CBDCs.	
<b>Target:</b> Through SCIF, continue to help communities plan and implement self-sustaining, viable opportunities for economic development.	<b>Result:</b> <i>Target met.</i>
In 2004-2005, 202 projects were approved, worth approximately \$66 million and leveraging additional \$59.6 million in financing.	

<p><b>Target:</b> In Prince Edward Island, develop three- to five-year strategic plans for the regions served by regional economic development organizations that do not have current plans.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p>Supported a five-year strategy for western Prince Edward Island. Further development work is planned.</p>	
<p><b>Target:</b> Strengthen the network of community planning and co-ordination organizations through initiatives in training, and strengthen results analysis by working with the recently established Association of Regional Development Authorities (RDAs) in Nova Scotia and the Regional Economic Development Association in Newfoundland and Labrador (NLREDA).</p>	<p><b>Result:</b> <i>Ongoing. Support to communities in Nova Scotia and Newfoundland and Labrador continues to be provided through funding and partnerships with NLREDAs and Nova Scotia RDAs.</i></p>
<p>In Nova Scotia:</p> <ul style="list-style-type: none"> <li>• Hosted four regional collaboration sessions with ACOA staff, RDAs, University Business Development Centres and CBDCs with the goal of improving client service through improved inter-organizational effectiveness. Result: 54 direct immediate results were identified and acted upon, and four key recommendations to ACOA were identified and will be implemented in 2005-2006.</li> <li>• In partnership with the RDAs and the Province of Nova Scotia, supported 13 one-on-one training sessions on improved RDA results measurement and accountability. Result: The RDAs now report on results via a customized RDA logical model format.</li> <li>• Supported the RDAs in obtaining ISO 9001-2000 registration. Result: Five of the 13 obtained ISO 9001-2000 registration; remaining eight targeted for 2005-2006.</li> </ul> <p>In Newfoundland and Labrador, assisted the NLREDA to:</p> <ul style="list-style-type: none"> <li>• Develop a communication plan to help guide the organization’s communication efforts.</li> <li>• Update its strategic plan to reflect a clearer understanding of the support that its members are requesting, and outline the efforts required to provide these services.</li> </ul>	
<p><b>Target:</b> Support the development of communities of interest including Black, Acadian and Aboriginal initiatives in Nova Scotia.</p>	<p><b>Result:</b> <i>Ongoing. ACOA continues to make progress in supporting these initiatives.</i></p>
<p>Through the Black Business Initiative (BBI):</p> <ul style="list-style-type: none"> <li>• 16 Black-owned businesses were provided a total of \$151,000 in loans, creating 21 full- and part-time jobs, and maintaining another 16 jobs. (Source: Client Activity Report)</li> <li>• Five Community Economic Development-related projects were supported, totalling \$20,200.</li> <li>• Four <i>Black to Business</i> publications were published, 75 presentations were given, seven youth camps were held, and one workshop was hosted.</li> <li>• Over 100 clients were provided with business management skills training.</li> <li>• The BBI Community Economic Development Investment Fund (CEDIF) pool was expanded by an additional \$104,000.</li> </ul>	
<p>In the Acadian community:</p> <ul style="list-style-type: none"> <li>• 16 projects totalling \$2.8 million were supported through the Atlantic Canada Economic and Cultural Partnership.</li> <li>• Supported initiatives including the Municipality of Clare Entrepreneurship Centre, <i>Le Conseil de développement économique de la Nouvelle-Écosse</i>, <i>Expo Acadie 2004</i>, <i>Forum économique</i>, and <i>La Fédération acadienne de la Nouvelle-Écosse (FANE)</i> signage initiative.</li> </ul> <p>Aboriginal economic development activities:</p> <ul style="list-style-type: none"> <li>• Improved Bear River’s First Nation Heritage and Cultural Centre into a Heritage Gallery and tourist</li> </ul>	

<p>attraction showcasing Mi'kmaq art, history and culture.</p> <ul style="list-style-type: none"> <li>• Assisted the Millbrook Band Council in its efforts to train 15 Millbrook residents at its Arctic Char facility and to establish a customer IT service facility.</li> <li>• Provided operational support to Ulnooweg Development Group, Atlantic Canada's only Aboriginal capital corporation, to ensure it can continue efforts to improve operational performance.</li> <li>• Assisted First Nation communities in pursuit of community economic development opportunities and capacity building including Membertou (trade and community centre), Chapel Island (tourism), Eskasoni (training and entrepreneurship development), Wagmatcook (heritage complex), and Whycomomagh (tourism development).</li> </ul>	
<p><b>Target:</b> Strengthen the Regional Economic Development Boards (REDBs) in Newfoundland and Labrador by re-examining the funding mechanisms and governmental partnership structures.</p>	<p><b>Result:</b> <i>On track. In Newfoundland and Labrador, there is a renewed focus on economic development.</i></p>
<p>REDBs are encouraged to have a very clear focus on realistic opportunities and a broader plan on how to develop them. In addition, the Agency is using these business plans as the basis for renewed REDB operational funding.</p>	
<p><b>Target:</b> Provide resources, strategic information and technical support to community economic development partners for planning purposes at the community level including REDBs in Newfoundland and Labrador.</p>	<p><b>Result:</b> <i>Ongoing. ACOA continues to assist in enhancing community planning.</i></p>
<p>In Newfoundland and Labrador, ACOA established 20 zone teams (one per zone), comprising staff from different program sections and industry sectors, to review and analyze the REDB business plans.</p>	
<p><b>Target:</b> Extend 350 loans per year to young entrepreneurs through continued support from the Seed Capital ConneXion Program for Young Entrepreneurs.</p>	<p><b>Result:</b> <i>Target exceeded. 379 loans provided, resulting in 282 new businesses, the creation of 496 jobs and the maintenance of 174 jobs. (Source: Delivery partner activity reports)</i></p>
<p><b>Target:</b> In New Brunswick and in Newfoundland and Labrador, develop regional work plans reflecting ACOA and community practices supporting inclusive and systematic planning process (target of 15 work plans for New Brunswick).</p>	<p><b>Result:</b> <i>Target exceeded. 18 (of a possible 20) business/work plans developed in Newfoundland and Labrador; 15 integrated work plans developed in New Brunswick.</i></p>
<p>In Newfoundland and Labrador, business plans have been developed by 18 of the 20 REDBs. These plans help the Agency better integrate zone strategic economic planning into the Agency's program delivery. In New Brunswick, all 15 Enterprise Agencies continue to implement their respective community strategic plans and integrated work plans developed with their federal, provincial, and local partners.</p>	



## Program Sub-activity: Access to Government Business Services

### Sharing information, providing counselling and referrals.

ACOA's Community Economic Development efforts are designed to create strong, sustainable communities throughout the region. As such, the Agency continues to focus on increasing the availability of government business services, such as financing, counselling and information, particularly in rural areas and Aboriginal communities. These business tools are critical for improving opportunities for successful business start-up, survival and growth, and, ultimately, sustainable job creation. To achieve this objective, ACOA continued to undertake a number of key activities in 2004-2005:

Financial Resources (\$ millions)	
Planned Spending	12.3
Authorities	13.4
Actual Spending	13.4

- Maintaining ongoing partnerships with the 41 Community Business Development Corporations (CBDCs) in Atlantic Canada. The CBDCs provide counselling and financial services to SMEs in rural regions. They also administer ACOA's Seed Capital ConneXion Program for Young Entrepreneurs (later known as the Seed Capital Program) and are partners for ACOA's Women in Business Opportunity Program.
- Enhancing the economic development capacity of Aboriginal communities by collaborating with the Aboriginal Business Service Network and by developing relevant training and information products for both the Aboriginal business community and Aboriginal development officers.
- Strengthening the relationships between ACOA's district offices and their respective community economic development partners and business clients.

Specific plans, targets and results are presented in the following table.

<b>Plan:</b> Expand outreach to potential business clients through the availability of timely and useful information and the provision of assistance to prepare business and project plans.	
<p><b>Target:</b> In Nova Scotia and in Newfoundland and Labrador, strengthen the network of field offices through better integration with community partners, increased support services, and focus on working with key community clients to implement strategic initiatives in each part of the province.</p> <p>In Nova Scotia, ACOA has increased its representation with the addition of three officers through interchange agreements with local REDOs. These officers are working on joint initiatives with community stakeholders in two areas of the province continuing to feel the effect of downturn in the natural resource sectors (Yarmouth/Shelburne and Guysborough counties). The mandate of these officers includes the development of projects focussed on enhancing community economic capacity and direct economic impact.</p> <p>In Newfoundland and Labrador, ACOA works with the REDBs on a daily basis, providing advice and financial support. In an effort to look at regional development in a more holistic manner, the Agency requested that each REDB develop a three-year business plan that addresses opportunities and issues for the zone, management and board governance, communication and financial requirements. ACOA has established 20 zone teams (one per zone), comprising staff from program sections or industry sectors, to review and analyze these plans.</p>	<p><b>Result:</b> <i>Ongoing. In Nova Scotia, and in Newfoundland and Labrador, ACOA continues to work with the REDOs and REDBs.</i></p>

<p><b>Target:</b> With community economic development partners, provide 12-month assignment opportunities to approximately 14 young people in New Brunswick in the field of community economic development.</p>	<p><b>Result:</b> <i>Target exceeded. 22 young people participated in assignment opportunities.</i></p>
<p>Five young interns were employed in CBDCs in 2004-2005. To date, 17 Aboriginal Youth Interns have also gained valuable experience with various host organizations. Currently, four of these participants are finishing their internships with the Canada / New Brunswick Business Service Centre, Joint Economic Development Initiative (JEDI), Public Works and Government Services Canada, and Enterprise Saint John.</p>	
<p><b>Target:</b> In New Brunswick in 2004-2005, ACOA district offices will have worked with 1,000 clients, requiring 5,500 client interventions for the development of projects. Development work will result in a total of 400 applications.</p>	<p><b>Result:</b> <i>Target partially met.</i></p>
<p>2,324 clients were supported, requiring 9,953 interventions, but resulting in 317 applications.</p>	
<p><b>Target:</b> Strengthen the Aboriginal Business Service Network (ABSN) in Atlantic Canada through: continued collaboration with the Atlantic ABSN Working Committee, development of Aboriginal-specific information products, and continuation of training and relationship building efforts.</p>	<p><b>Result:</b> <i>Ongoing. ACOA continues to strengthen the ABSN.</i></p>
<p>In partnership with the Métis Nation, a new ABSN site opened in Happy Valley-Goose Bay; the number of sites in Newfoundland and Labrador now totals eight; various information and training sessions held; CBCs continue to identify opportunities to improve information resources and communication tools for the Aboriginal business community.</p>	
<p><b>Target:</b> Enhance economic development capacity for New Brunswick Aboriginal communities, economic development officers and Aboriginal youth interns, and participate in the development of Aboriginal projects aimed at stimulating economic development in Aboriginal communities.</p>	<p><b>Result:</b> <i>Ongoing. ACOA supported a variety of projects and initiatives for the economic development of Aboriginal communities.</i></p>
<p>In New Brunswick, 75% of Aboriginal Economic Development Officers have participated in the Council for the Advancement of Native Development Officers (CANDO) Certification Program. Local (Atlantic Canada) delivery of this program is ongoing. Seventeen Aboriginal youths participated in internships. The Resource Sector Committee of the Joint Economic Development Initiative (JEDI), in conjunction with the Union of New Brunswick Indians and the Mawiw Council Inc., has completed the Phase One Study for Sturgeon Development Initiative. Phase Two (feasibility study) is currently in the planning process for implementation in 2005-2006. In addition, design plans, a business plan and a market strategy have been completed for Metepeniag Heritage Park.</p>	

<p><b>Plan:</b> Increase the number of loans and dollar amount of investments in small business to create and maintain jobs and improve the local economy in rural areas.</p>	
<p><b>Target:</b> Increase the number of counselling sessions, referrals and client contacts provided by CBDCs.</p>	<p><b>Result:</b> <i>Target met.</i></p>
<p>Some 7,637 counselling sessions, referrals and client contacts were provided by the CBDCs in 2004-2005. The number of monitoring calls increased from 15,846 in 2003-2004 to 16,483 in 2004-2005.</p>	
<p><b>Target:</b> Help create 1,300 new jobs and maintain approximately 2,500 jobs in rural areas by issuing approximately 1,300 new loans per year by the CBDCs.</p>	<p><b>Result:</b> <i>Target partially met.</i></p>
<p>In 2004-2005, the 41 CBDCs reported that 1,172 businesses received CBDC loans, which helped in the creation of 1,214 new jobs and the maintenance of 2,225 jobs. The variance from the targeted result is due to:</p> <ul style="list-style-type: none"> <li>• The target of 1,300 was based on the number of loans approved, whereas 1,172 actually represents the number of businesses that signed loan agreements. It is more appropriate to report on the latter as it directly correlates with job creation and maintenance.</li> <li>• CBDC lending activity is considered demand-driven; therefore, job creation and maintenance levels will vary according to the number of loans signed.</li> </ul> <p>It should be noted that CBDCs' lending activity slightly increased from 2003-2004. In 2003-2004, 1,156 businesses received CBDC loans, creating 1,178 new jobs and maintaining 1,849 jobs.</p>	
<p><b>Target:</b> Improved access to financing for at least 400 women entrepreneurs over the three-year period 2003-2004 to 2005-2006 through the Access to Financing component of the Women in Business Initiative delivered by the CBDCs.</p>	<p><b>Result:</b> <i>On track. To date, 292 women entrepreneurs accessed over \$10.17 million in financing through the Women in Business Opportunity Program's lending partners, leveraging an additional \$15 million in other funding.</i></p>

## Program Activity: Special Response Measures

*Support initiatives that improve the economic base of communities in the long term.*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
47.5	18.1	18.1

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
13	13	12

Taking advantage of its established network and knowledge of the region, ACOA delivers special development initiatives on behalf of the federal government to facilitate alternate and replacement economic opportunities in communities or areas that experience closure of significant employers or other significant shocks to employment. The Agency assists with planning and strategy development to reduce the impact of economic downturns and improve the economic base of communities in the long term.

In 2004-2005, ACOA's Short Term Adjustment Initiative of the Strategic Community Investment Fund (SCIF-STAI) helped to provide much-needed employment opportunities for individuals directly and indirectly impacted by the closure of the cod fisheries in the Gulf of St. Lawrence and along the coast of northeastern Newfoundland. The labour-intensive projects also helped these individuals refine their skills, thus increasing their overall employability.

In Cape Breton, the North Inverness Recreation Centre Association received assistance to improve its community facility, enabling the Association to host many cultural and sporting events throughout the year. Several short-term jobs were created as a result of this project. (Source: ACOA's Benefits Monitoring System)

In 2004-2005, ACOA approved 50 projects under SCIF-STAI, with a total contribution of approximately \$8.07 million. This helped communities to adjust, in the short-term, to the socio-economic impact of the cod fishery closure. More than 925 short-term jobs were created as a result of these projects for individuals impacted by the closure.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Facilitate alternate and replacement economic opportunities in communities or areas that experience closure of significant employers or other significant shock to employment by assisting with planning and strategy development.</p>	
<p><b>Target:</b> ACOA will assist communities affected by the closure of the Northern and Gulf cod stocks, through the delivery of the SCIF-STAI, by alleviating the impact of the closure on employment.</p>	<p><b>Result:</b> <i>Target met.</i></p>
<p>In Newfoundland and Labrador, the Newfoundland T’Railway Council received funding to continue the development of an old railway system that will form part of the Trans Canada Trail. This project created 67 short-term jobs for individuals impacted by the closure of cod fishery.</p>	
<p><b>Target:</b> ACOA will assist the community of Saint John and the Province of New Brunswick, both affected by the closure of the Saint John Shipyard, through delivery of the Shipyard Redevelopment Program to redevelop the shipyard’s principal assets into a site appropriate for other industrial uses and the Industrial Diversification Program to generate other major industrial opportunities in the province.</p>	<p><b>Result:</b> <i>On track. Funding for this initiative began in 2004-2005.</i></p>
<p>J.D. Irving Limited received funding in fiscal year 2004-2005 under ACOA’s Saint John Shipyard Adjustment Initiative. This project relates to the identification of opportunities for redevelopment and costs related to site maintenance and preparation. It ensures the closure of the shipyard site and will lead to further applications regarding redevelopment of the yard for long-term economic development use. Other development opportunities may be identified for economic development throughout New Brunswick.</p>	

## Program Activity: Infrastructure Programming

*Provide programming designed to renew and build infrastructure in rural and urban municipalities in Atlantic Canada.*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
48.9	33.3	33.3

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
5	5	6

The \$2.05-billion Infrastructure Canada Program (ICP) was created in 2000 to enhance municipal infrastructure in urban and rural communities across the country, and to improve Canada’s quality of life through investments that protect the environment and support long-term economic growth. Since agreements were signed by the four Atlantic

Provinces, from October 2000 to March 2005, approximately \$169 million of federal funds have been committed to over 630 approved projects under the ICP.

The Minister of State (Infrastructure and Communities), supported by the new department Infrastructure Canada <http://www.infrastructurecanada.gc.ca>, has been assigned responsibility for the overall management of this program. In most cases, the Government of Canada is matching the provincial and territorial contributions, and generally providing up to one-third of the cost of infrastructure projects.

Budget 2001 announced the creation of a \$2-billion Canada Strategic Infrastructure Fund (CSIF) in response to major infrastructure needs that cannot be dealt with under the current Infrastructure Canada Program.

Budget 2003 announced a \$2-billion top-up to the CSIF, along with a further \$1-billion Municipal Rural Infrastructure Fund (MRIF). Eligible categories under the MRIF are essentially the same as the current ICP, but expand into some new categories such as: wastewater treatment, solid waste, public transit, local roads, cultural, recreation, tourism, environmental energy improvements and connectivity. Agreements are in place in New Brunswick and Prince Edward Island, and additional agreements with the remaining two Atlantic Provinces will be in place within the coming year.

**Infrastructure Canada Program  
Delivery Agents**

- *Industry Canada*
- *Indian and Northern Affairs Canada*
- *Western Economic Diversification Canada*
- *Canada Economic Development for Regions of Quebec*
- *Atlantic Canada Opportunities Agency*

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> ACOA, in partnership with the provincial and local governments, will deliver the Infrastructure Canada Program (ICP) to help renew and build physical infrastructure in rural and urban municipalities across Atlantic Canada.</p>	
<p><b>Target:</b> ACOA will administer the Infrastructure Program Agreement in each Atlantic province by providing one-third of project costs to municipalities and Non-Government Organizations to improve basic infrastructure in the province with a focus on “Green Infrastructure,” including projects that improve the quality of the environment and contribute to national goals of clean air and water. Other program priorities include local transportation, roads and bridges, affordable housing, telecommunications and tourist, cultural and recreational facilities.</p>	<p><b>Result:</b> <i>On track.</i></p>
<p>\$169 million of federal funds has been committed to over 630 approved projects. ACOA is well ahead of target on green objectives, with 85% of federal funds having been directed to projects in this category.</p>	

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## **Strategic Outcome – Policy, Advocacy and Co-ordination**

*Adequate representation of the interests of Atlantic Canada  
in national economic policy, program and project development and implementation.*

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Through its policy, advocacy and co-ordination role, ACOA anticipates and undertakes research in the critical areas influencing Atlantic Canada. It seeks to support increased competitiveness in the regional economy, co-ordinates the development roles of other departments as appropriate, and advocates Atlantic Canada's interests in national decisions.

One of the major initiatives undertaken in 2004-2005 was the development of a response to *The Rising Tide* strategy for the Government of Canada. This included research and analysis to support the development of new or renewed initiatives, and the search for financial resources and necessary authorities to implement these initiatives. These new or renewed initiatives will cover a wide range of activities in the areas of Innovation, Trade and Investment, Tourism, Enterprise and Skills Development, Community Economic Development and Strategic Community Infrastructure.

Some of the other areas in which work was undertaken include Innovation, Productivity, Universities and Colleges, Social Economy / Social Enterprise, Immigration, Aquaculture, Environment Industries and Eco-Efficiency, Ocean Technologies, Rural and Urban Areas and Community Economic Development, Energy, and the New Deal for Cities and Communities. Please refer to the Publications section of ACOA's Web site at the following address for some of the studies, results and reports that are currently available: <http://www.acoa-apeca.gc.ca/e/library/audit/busdevprog.shtml>.

### **Program Activity: Policy Research**

*Carry out policy analysis and research to determine the areas in which ACOA will act to most effectively carry out the Agency's mandate.*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
12.1	4.1	4.1

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
32	32	41

Understanding the regional development issues facing Atlantic Canada is made easier by the in-depth policy and economic research and analysis co-ordinated by the Policy branch of ACOA. In addition to emerging regional, provincial and local economic issues,

research activities address structural challenges and sectoral opportunities in the region's economy. This research and analysis provides a sound basis for decision-making.

Although the Agency has an internal research capacity, the Policy branch works closely with various public and private sector stakeholders who also carry out research projects. These partners include public policy organizations, universities, business associations and firms, and the community of professional economists.

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Sponsorship of policy research projects and associated activities, including consultation and engagement with interested parties, while undertaking internal research and analytical exercises targeting strategic priorities and emerging policy areas. A priority has been to integrate the recommendations arising from the February 2004 Speech from the Throne and Budget 2004 in the Agency's policy and program agenda.</p> <p>Corporate research activities for the planning period include further research in support of innovation and commercialization and productivity trends.</p> <p>Outreach activities include a focus on technology commercialization and adoption and activities on Atlantic Canada's urban issues.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• Informed policy advice resulting in improved program initiatives and resource allocation.</li> <li>• A broader understanding of ACOA's role in promoting economic development.</li> <li>• Better understanding of the Atlantic economy.</li> <li>• Enhanced capacity for policy research in Atlantic Canada.</li> </ul>	<p><b>Results:</b></p> <p><i>Ongoing. See examples below.</i></p>
<p><i>Some examples of results:</i></p> <p><b>Atlantic-wide</b></p> <ul style="list-style-type: none"> <li>• Drafted the policy response to <i>The Rising Tide</i> initiative. This work established a solid foundation on which to advance ACOA's economic development efforts throughout the region over the next several years by providing a policy framework to foster the continued development of a vibrant and self-sustaining Atlantic Canadian economy.</li> <li>• Contracted the study <i>Transportation and Economic Development in Atlantic Canada: Literature Review</i>, which provides a descriptive analysis of the measurable impacts of transportation services and infrastructure on the region's development. This represents a first step toward the development of a framework for the identification of appropriate policies and points of intervention to enhance development through national transportation-based policy.</li> </ul> <p><b>Newfoundland and Labrador</b></p> <ul style="list-style-type: none"> <li>• Assisted the Town of Happy Valley-Goose Bay to identify diversification options associated with future use of surplus infrastructure at CFB 5 Wing Goose Bay.</li> <li>• Collaborated with the Leslie Harris Centre of Regional Policy and Development at Memorial University of Newfoundland to host a symposium on "Growing the Economy of Newfoundland and Labrador."</li> <li>• Undertook research and prepared a paper and presentation on the "Institutional Parameters to Growing the Economy of Newfoundland and Labrador" for a provincial symposium.</li> <li>• Created an interdepartmental/intergovernmental committee to carry out policy research on immigration. Two papers were prepared: <i>Retention and Integration of Immigrants in Newfoundland and Labrador: Are We Ready?</i>, and <i>A Survey of Attitudes of Employers in Newfoundland and Labrador Toward the Recruitment and Employment of New Canadians and International Workers</i>.</li> </ul> <p><b>Nova Scotia</b></p> <ul style="list-style-type: none"> <li>• Contributed to the Public Policy Forum national survey "Bringing Employers into the Immigration Debate." ACOA's contribution expanded the existing survey to ensure there were sufficient results in Halifax to make observations at the city level and compare Halifax to other metropolitan areas.</li> </ul>	



- Other immigration-focussed contract research undertaken in 2004-2005 included interviews with immigrants to Nova Scotia (with a focus on the skilled and business immigrant classes) to identify barriers and gaps that have affected immigration attraction, integration and retention outcomes over the past two decades, and a detailed analysis of data on immigration at the provincial and sub-provincial levels in Nova Scotia.

**New Brunswick**

- Finalized a value-added wood strategy and undertook sector studies in the areas of printing and publishing, truss manufacturing, and door and window manufacturing.
- Updated and completed economic profiles for each of the regions (Fundy, Northeast, Northwest, Southeast and Southwest) and an overall New Brunswick profile.
- Funded several immigration projects including a project to develop a business model/template for a comprehensive immigration pilot project involving Fredericton, Saint John and Moncton. This project also included several short-term activities related to Enterprise Saint John's immigration strategy. A project with Enterprise Greater Moncton Inc. developed a collaborative, community-based immigration strategy for the Greater Moncton Region.
- Played an active role as a member of the New Brunswick Federal/Provincial Immigration Working Group, which provides an ongoing forum for federal/provincial dialogue and collaboration on immigration in New Brunswick.
- Participated in the "Federal Partners in Immigration" group that focusses on the development of an Atlantic immigration strategy.

**Prince Edward Island**

- Engaged in extensive policy activity in support of cluster development in areas of aerospace advanced technology, bio-science and wind energy.
- Participated in developing an immigration/population strategy with the provincial government and other key stakeholders.
- Worked with the Labour Market Development Agreement to support and fund activity with the Centre for Labour Force Innovation at Holland College and the Centre for Entrepreneurship Education (CEE).
- Continued analyses and policy development in sectors and dimensions of the Prince Edward Island economy.
- Broadened and enhanced work in policy areas relating to innovation benchmarking, productivity, immigration, labour force development and infrastructure/urban development.

## **Program Activity: Advocacy**

*Advocate the interests of Atlantic Canada to make new government initiatives more responsive to the needs of Atlantic Canada.*

The principal focus of the Advocacy function is to influence national decision-making processes, both proactively and reactively. The Advocacy function provides decision makers with up-to-date intelligence about the region's priorities, strengths and concerns. The result is that new government initiatives are more responsive to the needs of Atlantic Canada. Specifically, this is accomplished through environmental scanning and the monitoring of the federal government's priorities for linkages and impacts, alerting and advising government officials on emerging issues, feeding information about Atlantic Canada to Central Agencies, line departments and to Cabinet, and influencing the Government of Canada's procurement agenda.

Financial Resources (\$ millions)		
Planned	Authorities	Actual
3.8	5.6	5.6

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
26	26	21

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Effective defence of Atlantic Canada’s interests and promotion of the Atlantic economy by influencing national decisions. Analysis of national policy and program decision-making from an Atlantic Canada economic perspective. Development and co-ordination of complementary positions and activities within ACOA, between federal departments and provincial governments in Atlantic Canada. ACOA will build federal/provincial trade and investment partnerships through participation in Atlantic co-ordination meetings between ACOA, Industry Canada, the four Atlantic Provinces, and industry associations.</p>	
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• Better understanding of Atlantic Canada’s strengths in decision-making at the national level.</li> <li>• National policies and programs that better reflect Atlantic circumstances.</li> <li>• Tangible benefits for Atlantic Canada in national procurement.</li> </ul>	<p><b>Results:</b></p> <p><i>Ongoing. See examples below.</i></p>
<p><b>Some examples of results:</b></p> <p><b>Atlantic-wide</b></p> <ul style="list-style-type: none"> <li>• Provided briefings for the Minister for Cabinet Committees meetings (reactive).</li> <li>• Anticipated national policy priorities (proactive).</li> <li>• Influenced national policies, including defence and space contracting (proactive). These efforts link directly to the overarching national policy agenda signalled in the Speech From the Throne and elaborated in the federal budget; e.g. Budget 2005 provided ACOA with new resources (\$708 million) to deliver on <i>The Rising Tide</i> strategy. Known as the <i>Atlantic Investment Partnership – The Second Wave</i>, this major investment will continue to support research and development, more opportunities in rural communities, more exports and foreign investment, and more skilled entrepreneurs working in Atlantic Canada.</li> <li>• Undertook advocacy on behalf of the Atlantic region to ensure that Industrial Regional Benefits (IRBs) are included in any major Crown Projects of the federal government.</li> <li>• Worked with federal partners, as well as offshore and larger Canadian private sectors, to increase awareness of the aerospace, space and defence capability in Atlantic Canada to increase the level and value of work in the Atlantic region.</li> <li>• Undertook advocacy to ensure Atlantic Canada receives a fair share of major government (mainly DND) procurement spending. For example, during 2004-2005, DND awarded the Maritime Helicopter Project (MHP) contract valued at \$5 billion in acquisition and service costs.</li> <li>• ACOA’s Procurement Network worked to ensure that major prime contractors as well as government officials are aware of Atlantic Canadian capabilities to participate in these major procurement activities. It has kept local industry aware of arising opportunities in this area. As a result of these actions, some \$1 billion in spending (or 20%) of the MHP contract has been identified for the Atlantic region.</li> </ul> <p><b>Newfoundland and Labrador</b></p> <ul style="list-style-type: none"> <li>• Provided analysis and information to other federal departments concerning the amendment to the Atlantic Accord – advocating the best interests of the province and region.</li> <li>• Analyzed the impact of federal government spending and employment changes on the province – provided analysis and information to other federal departments and Ministers.</li> <li>• Played an advocacy role regarding the ongoing viability of CFB 5 Wing Goose Bay and the Department of National Defence’s (DND) move to implement a new model for foreign military training at the base.</li> </ul>	

- Held consultations with key federal, provincial and community-based social economy stakeholders, and contributed to a study on the scope and needs of the social economy in Newfoundland and Labrador.
- Provided input to the Cities Secretariat at the Department of Infrastructure and Communities, and continued to partner and maintain a strong working relationship with the Newfoundland and Labrador Federation of Municipalities and its constituent members.

**Nova Scotia**

- Supported the efforts of Human Resources and Skills Development Canada related to skills development by providing:
  - leadership on regional input (i.e. local research and analysis) and advice, in the form of policy and program options, from Canada’s regional development agencies (Western Economic Diversification, FedNor, and Canada Economic Development for Regions of Quebec) related to workplace skills and seasonal work; and
  - advice on national and regionally specific policy and program options.

**Prince Edward Island**

- Provided policy support and conducted development activities relating to issues in federal-provincial re-engagement, transportation, wind energy and primary resource sectors.
- Worked with other offices in immigration, skills development and other aspects of *The Rising Tide*.

**New Brunswick**

- Worked with other federal departments and agencies on horizontal files including immigration, transportation, aquaculture, Aboriginal, volunteer sector, energy, oceans, environment, social economy, innovation, tourism, culture, forestry and homelessness.

**Program Activity: Co-ordination**

*Engage economic partners in addressing the Atlantic region’s strategic economic priorities.*

ACOA provides leadership on major economic issues affecting the Atlantic region and manages special projects and key initiatives in the region on behalf of the Government of Canada. To do this, the Agency engages numerous economic partners. As is the case for Policy Research and Advocacy, Co-ordination is a responsibility that is shared throughout the Agency. Each regional office plays an important role in advancing the Agency’s agenda.

Financial Resources (\$ millions)		
Planned	Authorities	Actual
1.8	1.7	1.7

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
13	13	13

Specific plans, targets and results are presented in the following table.

<b>Plan:</b> ACOA will co-ordinate its internal policy, advocacy and co-ordination activities and will continue working with federal, provincial and municipal government departments on a variety of files that include tourism, trade, community economic development and innovation. Developing the linkage between economic development and immigration will require new relationships and partnerships. ACOA will continue to co-ordinate specific initiatives such as the Voisey's Bay development.	
<b>Targets:</b> <ul style="list-style-type: none"><li>• Identify areas of joint strategic interest.</li><li>• Develop common and/or compatible and/or complementary positions on defined issues.</li><li>• Develop strategic initiatives that reflect commonly held positions on defined issues.</li><li>• Maximize benefits of major projects in Atlantic Canada.</li></ul>	<b>Results:</b> <p><i>Ongoing. See examples below.</i></p>
<b>Some examples of results:</b>	
<b>Atlantic-wide</b> <ul style="list-style-type: none"><li>• Increased value of Industrial Regional Benefits for the Atlantic region.</li><li>• Increased level of aerospace activity and successful partnership with academic and private institutions.</li><li>• Led foreign prime contractor industry visits to Atlantic Canada.</li><li>• Increased exports of aerospace and defence sector in the region: \$600 million in 2004 export revenues.</li><li>• Developed new partnerships and alliances between Atlantic aerospace companies and larger Canadian and offshore aerospace and defence companies and associations.</li><li>• Continued support for Atlantic aerospace industry missions to major air show events.</li><li>• Continued exposure of Atlantic aerospace and defence industry to major prime contractors.</li></ul>	
<b>Newfoundland and Labrador</b> <ul style="list-style-type: none"><li>• Funded and provided expertise for a study of the tourism dynamics surrounding Gros Morne National Park. The park is a provincial anchor attraction and the study will allow better co-ordination of tourism investments in the area by ACOA and other partners.</li><li>• Identified immigration as a joint policy issue with the provincial government and other federal departments and worked with them to develop mutually compatible immigration strategies.</li><li>• Worked in partnership with the Newfoundland and Labrador Federal Council to increase co-ordination of federal support for Aboriginal development through information-sharing sessions.</li><li>• Organized an information session for local federal and provincial government departments on federal climate change programs and opportunities.</li><li>• Actively participated in the development of Phase I of Canada's Ocean Action Plan (OAP), thereby building stronger working relationships with other federal departments involved in oceans management. These efforts contributed to the inclusion of the Placentia Bay Technology Demonstration Project in the Ocean Action Plan.</li><li>• Led efforts to enhance working relations with other federal regional development agencies, Industry Canada and the National Research Council (NRC) in pursuit of ocean technology development.</li><li>• Encouraged a more focussed approach to invigorating the Newfoundland and Labrador ocean technology cluster by working with key partners including Oceans Advance, an oceans technology cluster organization in Newfoundland and Labrador.</li><li>• Worked with the Government of Newfoundland and Labrador and other stakeholders in support of the Voisey's Bay project. This included investments in R&amp;D, Aboriginal economic development and the identification of business opportunities. Priority areas included: completion of a Mine/Mill Operations Business Opportunities Study, a Hydromet Demonstration Plant Business Opportunities Study and support for Opportunity Argentina business initiatives.</li><li>• In support of the Atlantic Energy Roundtable, worked with federal and provincial partners to develop a strategic approach to increase offshore oil and gas exploration in Atlantic Canada and identify further areas of opportunity for local participation in the service and supply sector.</li></ul>	

- The Agency continues to work with federal and provincial partners in providing advice to the Canada-Newfoundland and Labrador Offshore Petroleum Board to increase local participation in all offshore activities.

**Nova Scotia**

- ACOA was instrumental in engaging the Province of Nova Scotia in bilateral discussions on the New Deal for Cities and Communities, including the use of Gas Tax funds.
- Through its leadership role, ACOA established the basis for a tripartite agreement between the Province, the Halifax Regional Municipality and the Government of Canada.

**Prince Edward Island**

- Continued work with the provincial government, National Research Council, Agriculture and Agri-Food Canada, and the University of Prince Edward Island for bio-science cluster development. BioPEI has been formed, which is a cluster development organization for the bio-science sector.
- Established a Centre for Labour Force Innovation at Holland College.
- Conducted a long-term negotiation with the provincial government that ultimately led to the Umbrella Governance Framework (UGF) for infrastructure development in May 2005.

**New Brunswick**

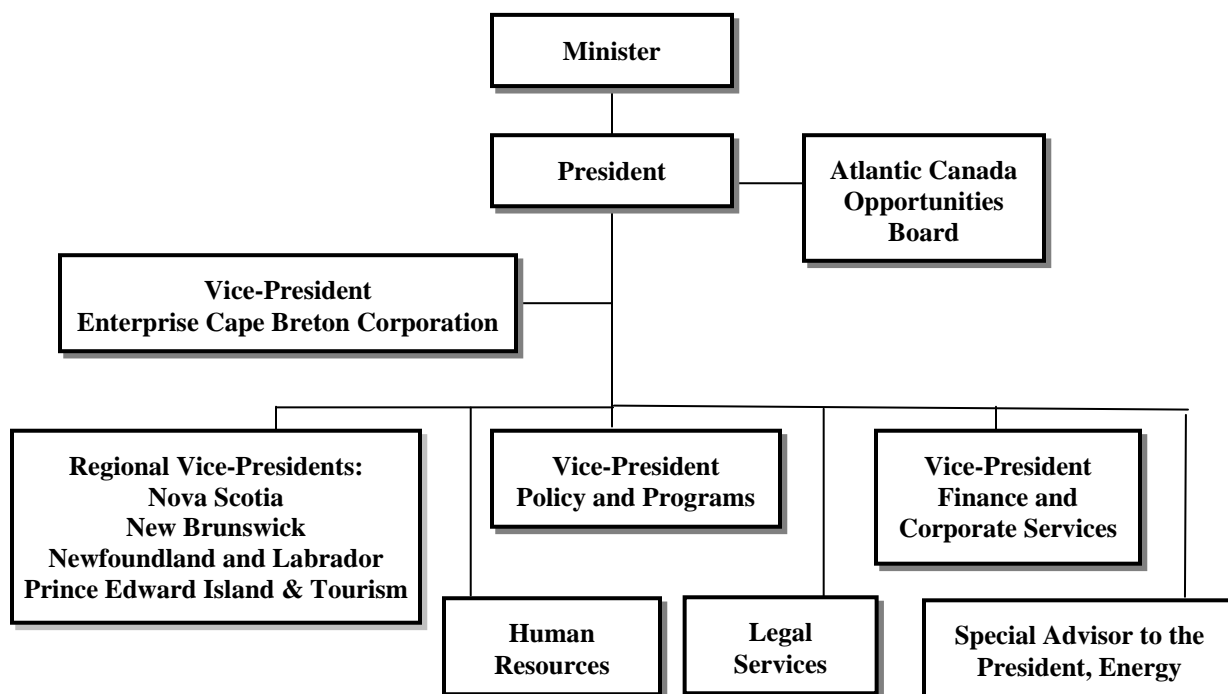
- In 2004-2005, as a member of the New Brunswick Federal Regional Council Policy Committee, ACOA has facilitated the development of a Federal Regional Council discussion paper on the current economic and human resource environment in New Brunswick. This document was presented to all New Brunswick Federal Regional Council members and will be used to facilitate discussions on regional federal influence on national policy direction.



## Section III – Supplementary Information

### Organizational Information

#### Organizational Structure



More information on people in charge and the organizational structure of ACOA may be found at: <http://www.acoa-apeca.gc.ca/e/about/people.shtml>.

#### Accountability

*Minister:* The Honourable Joseph McGuire is responsible for ACOA.

*President:* Ms. Monique Collette is responsible for the Program Activities of the Agency and reports to the Minister of ACOA. The President of ACOA is also, ex-officio, the President of Enterprise Cape Breton Corporation (ECBC) as well as its Chair of the Board and Chief Executive Officer.

#### Atlantic Canada Opportunities Board

Atlantic Canada Opportunities Board members continue to provide direction and support through expert advice to the President and Minister of ACOA on a broad spectrum of Agency strategy and policy matters. This Board includes the ACOA President, as Chair,

and seven other members who are successful entrepreneurs, business professionals and community leaders from each of the four Atlantic provinces. Board members are appointed by the Governor in Council on the recommendation of the Minister of ACOA.

## **Agency Organization**

ACOA's mandate and organizational structure were determined following consultations with Atlantic Canadians across the region. When the Agency was launched in 1987, it marked the first time a federal organization charged with regional economic development was headquartered in the region.

ACOA's Head Office is located in Moncton, New Brunswick. Head Office components are the President's Office, Policy and Programs, Finance and Corporate Services, Legal Services, and Human Resources.

Regional Vice-Presidents are responsible for the delivery of ACOA programs. The Agency has 32 regional and field offices in cities and towns across the four Atlantic provinces. Consequently, ACOA's funding and policy decisions are made by and for Atlantic Canadians. In Ottawa, an ACOA office advocates the interests of Atlantic Canadians in the development of national policies and programs, including the interests of the region's entrepreneurs related to federal procurement. The Vice-President Policy and Programs has corporate responsibility for program areas and policies as well as the delivery of pan-Atlantic projects and initiatives.

The ACOA portfolio includes the Enterprise Cape Breton Corporation (ECBC), based in Sydney, Nova Scotia. ECBC delivers ACOA programs throughout Cape Breton Island and the Mulgrave area of mainland Nova Scotia. New projects in that region may be funded by ECBC or ACOA, depending on which funding mechanism is more appropriate.

## **Program Composition**

ACOA programming is divided into three Strategic Outcomes as outlined in the Program Activity Architecture: Enterprise Development; Community Development; and Policy, Advocacy and Co-ordination. The objectives of these outcomes are to support and promote economic development in Atlantic Canada, with particular emphasis on small and medium-sized enterprises, and to advocate the interests of Atlantic Canada in national economic policy, program and project development.

## **Corporate Services**

The function of Corporate Services is to provide sound management in the delivery of the Strategic Outcomes. For more information on Corporate Services, see Section IV.



## ***Tables and Templates***

### **Financial Overview**

The Agency's total authorities, consisting of Main Estimates and Supplementary Estimates voted by Parliament, stood at \$476.3 million. Actual expenditures of \$450.3 million resulted in a lapse of \$26.0 million.

The actual lapse was nil, after considering:

- \$9.0 million set aside for the Budget 2003 Expenditure Reduction;
- \$13.3 million reprofiled (\$38.0 million reprofiled for Saint John Shipyard and Infrastructure Canada, reduced by \$24.7 million in new money received for the Strategic Community Investment Fund); and
- \$3.7 million in operating, including frozen and carryforward amounts.

The financial tables show the following figures:

- *Main Estimates*: only those authorities in Estimates Part II 2004-2005, which are consistent with those as Main Estimates in the Public Accounts for 2004-2005.
- *Planned Spending*: consistent with the Planned Spending column in the 2004-2005 Report on Plans and Priorities.
- *Total Authorities*: refers to the full spending authorities received during the fiscal year through Main Estimates, Supplementary Estimates and other Treasury Board approvals, and consistent with those in the Public Accounts for 2004-2005.
- *Actual Spending*: consistent with figures in the Public Accounts for 2004-2005.

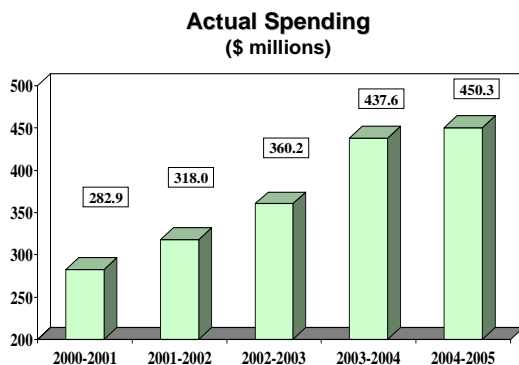
Table 1	Comparison of Planned to Actual Spending (including FTEs)
Table 2	Use of Resources by Program Activity
Table 3	Voted and Statutory Items
Table 4	Net Cost of Agency
Table 5	Contingent Liabilities
Table 6	Sources of Non-respendable Revenue
Table 7	Resource Requirements by Branch
Table 8	User Fees
Table 9	Details on Transfer Payments Programs
Table 10	Response to Parliamentary Committees, Audits and Evaluations
Table 11	Sustainable Development Initiative
Table 12	Service Improvement Initiative
Table 13	Horizontal Initiatives
Table 14	Travel Policies

**Table 1: Comparison of Planned to Actual Spending (including FTEs)**

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

Program Activity	2002–2003 (\$ millions)	2003–2004 (\$ millions)	2004–2005 (\$ millions)			
	Actual	Actual	Main Estimates	Planned Spending	Total Authorities	Actual
Foster SME Development and Growth (Access to Capital)	233.0	259.1	274.8	274.8	279.6	268.5
Access to Information	2.7	2.8	2.8	2.8	3.3	3.3
Community Economic Development	59.6	104.4	84.9	122.4	130.6	115.7
Special Response Measures	14.3	20.8	47.5	47.5	18.1	18.1
Infrastructure Programming	40.6	40.8	48.9	48.9	33.3	33.3
Policy Research	5.1	4.5	12.1	12.1	4.1	4.1
Advocacy	3.0	3.1	3.8	3.8	5.6	5.6
Co-ordination	1.9	2.1	1.8	1.8	1.7	1.7
<b>Total</b>	<b>360.2</b>	<b>437.6</b>	<b>476.6</b>	<b>514.1</b>	<b>476.3</b>	<b>450.3</b>
Less: Non-Respendable revenue	(64.6)	(71.7)	(59.0)	(59.0)	(59.0)	(61.5)
Plus: Cost of services received without charge	6.7	7.5	6.7	6.7	6.7	7.1
<b>Net cost of Agency</b>	<b>302.3</b>	<b>373.4</b>	<b>424.3</b>	<b>461.8</b>	<b>424.0</b>	<b>395.9</b>

<b>Full-Time Equivalents (FTEs)</b>	<b>616</b>	<b>649</b>	<b>647</b>	<b>647</b>	<b>646</b>	<b>646</b>
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The increase in spending over the last three years primarily reflects increases under the Atlantic Innovation Fund and the Strategic Community Investment Fund, offset by declining requirements for the Community Futures Program, the Infrastructure Canada Program and sunseting programs.

**Table 2: Use of Resources by Program Activity**

The information below illustrates how the Agency used its available resources for fiscal year 2004-2005.

2004–2005 (\$ millions)				
Strategic Outcomes / Program Activities	Budgetary			Total
	Operating	Grants and Contributions	Total: Net Budgetary Expenditures	
<b>Enterprise Development</b>				
<b>Foster SME Development and Growth (Access to Capital)</b>				
Main Estimates	53.9	220.9	274.8	274.8
<i>Planned Spending</i>	53.9	220.9	274.8	274.8
Total Authorities	52.0	227.6	279.6	279.6
<i>Actual Spending</i>	<b>49.9</b>	<b>218.6</b>	<b>268.5</b>	<b>268.5</b>
<b>Access to Information</b>				
Main Estimates	2.8	-	2.8	2.8
<i>Planned Spending</i>	2.8	-	2.8	2.8
Total Authorities	3.3	-	3.3	3.3
<i>Actual Spending</i>	<b>3.3</b>	-	<b>3.3</b>	<b>3.3</b>
<b>Community Development</b>				
<b>Community Economic Development</b>				
Main Estimates	21.8	63.1	84.9	84.9
<i>Planned Spending</i>	21.8	100.6	122.4	122.4
Total Authorities	21.6	109.0	130.6	130.6
<i>Actual Spending</i>	<b>20.0</b>	<b>95.7</b>	<b>115.7</b>	<b>115.7</b>
<b>Special Response Measures</b>				
Main Estimates	1.5	46.0	47.5	47.5
<i>Planned Spending</i>	1.5	46.0	47.5	47.5
Total Authorities	1.4	16.7	18.1	18.1
<i>Actual Spending</i>	<b>1.4</b>	<b>16.7</b>	<b>18.1</b>	<b>18.1</b>
<b>Infrastructure Programming</b>				
Main Estimates	0.6	48.3	48.9	48.9
<i>Planned Spending</i>	0.6	48.3	48.9	48.9
Total Authorities	1.5	31.8	33.3	33.3
<i>Actual Spending</i>	<b>1.5</b>	<b>31.8</b>	<b>33.3</b>	<b>33.3</b>

(Table 2 – continued)

<b>Policy, Advocacy and Co-ordination</b>				
<b>Policy Research</b>				
Main Estimates	4.7	7.4	12.1	12.1
<i>Planned Spending</i>	4.7	7.4	12.1	12.1
Total Authorities	3.5	0.6	4.1	4.1
<i>Actual Spending</i>	<b>3.5</b>	<b>0.6</b>	<b>4.1</b>	<b>4.1</b>
<b>Advocacy</b>				
Main Estimates	3.8	-	3.8	3.8
<i>Planned Spending</i>	3.8	-	3.8	3.8
Total Authorities	5.6	-	5.6	5.6
<i>Actual Spending</i>	<b>5.6</b>	-	<b>5.6</b>	<b>5.6</b>
<b>Co-ordination</b>				
Main Estimates	1.8	-	1.8	1.8
<i>Planned Spending</i>	1.8	-	1.8	1.8
Total Authorities	1.7	-	1.7	1.7
<i>Actual Spending</i>	<b>1.7</b>	-	<b>1.7</b>	<b>1.7</b>
<b>Totals</b>				
Main Estimates	90.9	385.7	476.6	476.6
<i>Planned Spending</i>	90.9	423.2	514.1	514.1
Total Authorities	90.6	385.7	476.3	476.3
<i>Actual Spending</i>	<b>86.9</b>	<b>363.4</b>	<b>450.3</b>	<b>450.3</b>

Total Authorities includes Main and Supplementary Estimates and other authorities.

**Bolded numbers** denote actual expenditures/revenues in 2004-2005.

Due to rounding, columns may not add up to totals shown.

**Table 3: Voted and Statutory Items**

This table displays the way Parliament approved resources and shows the changes in resources derived from supplementary estimates and other authorities, as well as how funds were spent.

Vote or Statutory Item	Truncated Vote or Statutory Wording	2004–2005 (\$ millions)			
		Main Estimates	Planned Spending	Total Authorities	Actual
1	Operating expenditures	82.0	82.0	82.1	78.4
5	Grants and Contributions	385.7	423.2	385.7	363.4
(S)	Minister of ACOA - Salary and motor car allowance	0.1	0.1	0.1	0.1
(S)	Contributions to employee benefit plans	8.8	8.8	8.2	8.2
(S)	Refunds of amounts credited to revenues in previous years	0.0	0.0	0.2	0.2
	<b>Total</b>	<b>476.6</b>	<b>514.1</b>	<b>476.3</b>	<b>450.3</b>

Total Authorities of \$476.3 million varies from Planned Spending of \$514.1 million by \$37.8 million, and is mostly due to provisions in Budget 2004 for Community Economic Development.

The reprofiling of funds (net of additional funds sought by the Agency for Community Development, and other changes to authorities) resulted in reduced resources from the Main Estimates.

Unused spending authority of \$26.0 million includes:

- \$9.0 million for the Budget 2003 reduction;
- \$13.3 million deferred to future years (comprising \$38.0 million in reprofiling for the Saint John Shipyard Initiative and Infrastructure Canada Programming, reduced by \$24.7 million in new money received for the Strategic Community Investment Fund); and
- \$3.7 million in operating, including frozen and carryforward amounts.

The end result is that the overall effective lapse of the Agency is nil.

## Table 4: Net Cost of Agency

The information below shows the net cost of the Agency by displaying actual expenditures and revenues, together with costs of services provided by other federal government departments.

	2004–2005 (\$ millions)
Total Actual Spending	<b>450.3</b>
<i>Plus: Services Received without Charge</i>	
Accommodations provided by Public Works and Government Services Canada	3.3
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada's Secretariat (excluding revolving funds)	3.5
Worker's compensation coverage provided by Social Development Canada	-
Salary and associated expenditures of legal services provided by Justice Canada	0.3
<i>Less: Non-Respendable Revenue</i>	(61.5)
<b>Net cost of Agency</b>	<b>395.9</b>

## Table 5: Contingent Liabilities

Contingent liabilities are future costs that may have to be disbursed by the Agency should events or decisions occur beyond its control. The table below shows the amount of contingent liabilities that could arise from Loan Guarantees, and Claims, Pending and Threatened Litigations.

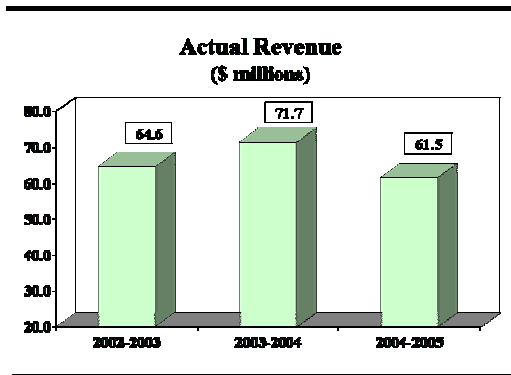
- **Loan Guarantees**  
The amount for loan guarantees represents loans by financial institutions that have been guaranteed by the Agency. Where financial institutions claim amounts against the guarantee, the Agency has authority to charge these payments against a statutory authority.
- **Claims, Pending and Threatened Litigations**  
Amounts captured as Litigation are claims against the Agency for damages incurred from losses suffered by outside parties.

Contingent Liabilities	(\$ millions)	
	March 31, 2004	March 31, 2005
<i>Guarantees</i>		
Loan Guarantees	0.5	0.1
<i>Claims, Pending and Threatened Litigation</i>		
Litigations	10.8	10.8
Non-litigations	-	-
<b>Total</b>	<b>11.3</b>	<b>10.9</b>

**Table 6: Sources of Non-Respendable Revenue**

Program Activity (\$ millions)	Actual 2002-03	Actual 2003-04	2004-2005			
			Main Estimates	Planned Revenue	Total Authorities	Actual
<b>Foster SME Development and Growth (Access to Capital)</b>						
- Repayable Contributions	55.3	56.4	52.0	52.0	52.0	54.9
- All Other*	9.3	15.3	7.0	7.0	7.0	6.6
<b>Total Non-Respendable Revenue</b>	<b>64.6</b>	<b>71.7</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>61.5</b>

\* All Other revenue includes refunds of prior years' expenditures, adjustments to prior years' accruals, return on investment from direct loans, service fees, proceeds from the disposal of Crown Assets, interest revenues, and other miscellaneous revenues.



The decrease in revenue from \$71.7 million in 2003-2004 to \$61.5 million in 2004-2005 is due primarily to a change in the accounting for service fee revenue from loans administered under the *Small Business Loans Act* and the *Canada Small Business Financing Act*. Commencing with 2004-2005, such revenue is recorded by Industry Canada.



**Table 7: Resource Requirements by Branch or Sector**

2004-2005 (\$ millions)									
Program Activity Branch	Foster SME Development and Growth (Access to Capital)	Access to Information	Community Economic Development	Special Response Measures	Infrastructure Programming	Policy Research	Advocacy	Co-ordination	Total
<b>Newfoundland and Labrador</b>									
Main Estimates	72.6	0.7	16.8	16.1	17.7	0.3	-	-	124.2
Planned Spending	72.6	0.7	33.3	16.1	17.7	0.3	-	-	140.7
<i>Total Authorities</i>	76.1	0.7	29.0	15.4	5.2	0.1	-	-	126.5
Actual Spending	72.8	0.7	31.3	15.4	5.2	0.1	-	-	125.5
<b>Prince Edward Island</b>									
Main Estimates	43.2	0.4	8.1	0.3	1.0	0.1	-	-	53.1
Planned Spending	43.2	0.4	11.1	0.3	1.0	0.1	-	-	56.1
<i>Total Authorities</i>	45.2	0.4	11.6	0.3	1.0	-	-	-	58.5
Actual Spending	44.0	0.4	12.6	0.3	1.0	-	-	-	58.3
<b>Nova Scotia</b>									
Main Estimates	71.9	0.8	28.6	0.4	16.3	0.4	-	-	118.4
Planned Spending	71.9	0.8	37.6	0.4	16.3	0.4	-	-	127.4
<i>Total Authorities</i>	75.4	1.0	35.4	0.4	10.1	0.2	-	-	122.5
Actual Spending	72.1	1.0	37.8	0.4	10.1	0.2	-	-	121.6
<b>New Brunswick</b>									
Main Estimates	59.3	0.7	18.6	29.6	13.2	0.1	-	-	121.5
Planned Spending	59.3	0.7	27.6	29.6	13.2	0.1	-	-	130.5
<i>Total Authorities</i>	61.4	1.0	47.6	0.9	16.3	-	-	-	127.2
Actual Spending	58.1	1.0	27.0	0.9	16.3	-	-	-	103.3
<b>Corporate Headquarters Responsibilities</b>									
Main Estimates	27.8	0.2	12.8	1.1	0.7	11.2	3.8	1.8	59.4
Planned Spending	27.8	0.2	12.8	1.1	0.7	11.2	3.8	1.8	59.4
<i>Total Authorities</i>	21.5	0.2	7.0	1.1	0.7	3.8	5.6	1.7	41.6
Actual Spending	21.5	0.2	7.0	1.1	0.7	3.8	5.6	1.7	41.6
<b>Totals</b>									
Main Estimates	274.8	2.8	84.9	47.5	48.9	12.1	3.8	1.8	476.6
Planned Spending	274.8	2.8	122.4	47.5	48.9	12.1	3.8	1.8	514.1
<i>Total Authorities</i>	279.6	3.3	130.6	18.1	33.3	4.1	5.6	1.7	476.3
Actual Spending	268.5	3.3	115.7	18.1	33.3	4.1	5.6	1.7	450.3

**Table 8: User Fees**

A. User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2004-2005					Planning Years		
				Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost (\$000)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)
Loan Insurance Fee	Regulatory	Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada 1987</i>	May 7, 1990	4	1	nil	Fees are collected at 1% of account balance at beginning of year.	Fees are collected on account balances as expected.	2005-06 2006-07 2007-08	0 0 0	0 0 0
<b>B. Date Last Modified:</b> (not applicable)											
<b>C. Other Information:</b> All outstanding loans were paid during fiscal year 2004-2005. The Agency no longer issues loan guarantees, and all outstanding balances were settled during fiscal year 2004-2005. Forecast provisions were based on account balances that were paid sooner than expected.											

**Table 9: Details on Transfer Payments Programs**

1) Transfer Payment Program:						
<b>Business Development Program (BDP)</b>						
2) Start Date:		3) End Date:		4) Total Funding:		
July 25, 1995		March 31, 2005		\$1,121.2 million		
5) Description of Transfer Payment Program:						
To increase the number of successful business start-ups and the successful expansion and modernization of SMEs. More information on the BDP can be found at: <a href="http://www.acoa-apeca.gc.ca/e/financial/business.shtml">http://www.acoa-apeca.gc.ca/e/financial/business.shtml</a> .						
6) Objective(s), expected result(s) and outcomes:						
Increased survival rates of assisted start-ups, increased sales, increased productivity and increased number of jobs.						
7) Achieved results or progress made:						
Results achieved from BDP expenditures have been outlined in the BDP Evaluation published in 2003. Given that current BDP expenditures are much in line with planned spending, it is fair to say that the BDP continues to have a significant positive impact on the Atlantic economy in terms of increased survival rates of assisted start-ups, increased sales, increased productivity and increased number of jobs.						
Program Activity	8) Actual Spending 2002-03	9) Actual Spending 2003-04	10) Planned Spending 2004-05	11) Total Authorities 2004-05	12) Actual Spending 2004-05	13) Variance (10-12)
<b>14) Foster SME Development and Growth (Access to Capital)</b>						
- Total Grants	1.8	0.8	1.0	0.3	0.3	0.7
- Total Contributions	113.6	132.6	114.0	126.5	128.4	(14.4)
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	115.4	133.4	115.0	126.8	128.7	(13.7)
<b>14) Community Economic Development</b>						
- Total Grants	0.1	0.3	1.0	0.3	0.3	0.7
- Total Contributions	15.4	20.5	17.2	28.3	25.9	(8.7)
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	15.5	20.8	18.2	28.6	26.2	(8.0)
<b>14) Policy Research</b>						
- Total Grants	0.1	0.2	-	-	-	-
- Total Contributions	-	0.2	4.0	1.0	0.2	3.8
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	0.1	0.4	4.0	1.0	0.2	3.8
<b>16) Total Transfer Payment Program</b>	<b>131.0</b>	<b>154.6</b>	<b>137.2</b>	<b>156.4</b>	<b>155.1</b>	<b>(17.9)</b>
Total Grants	2.0	1.3	2.0	0.6	0.6	1.4
Total Contributions	129.0	153.3	135.2	155.8	154.5	(19.3)
Total Other Transfer Payments	-	-	-	-	-	-
<b>Total Transfer Payment Program</b>	<b>131.0</b>	<b>154.6</b>	<b>137.2</b>	<b>156.4</b>	<b>155.1</b>	<b>(17.9)</b>

17) Comments on Variances:

A small number of large strategic projects in fiscal 2004-2005, together with a continued strong demand for BDP dollars, resulted in a 13% variance (over) in actual expenditures versus planned expenditures. This situation is currently being addressed by senior management by reducing the number of business support approved projects and reducing the level of assistance in the 2005-2006 fiscal year.

18) Significant Evaluation Findings and URL:

Conducted in 2002-2003, the overall conclusions of the BDP evaluation report confirmed that the BDP is producing positive results for the Atlantic economy. The report found that the resulting benefit-cost ratio was 2.1:1, meaning that for every dollar invested the net return to the taxpayer is more than two dollars, even if the total ACOA assistance is not repaid. As the loan is repaid, the benefit-cost ratio to the taxpayer increases (chapter 2, page 15). Additionally, the evaluation makes the case that the BDP continues to fill important gaps in the availability of conventional financing for young businesses and start-ups, rural businesses, soft costs and high-risk sectors such as tourism and aquaculture. Other positive findings in the report include:

- The BDP's \$814-million investment, almost three-fourths of which has been as repayable contributions to SMEs, has had a major impact on SME performance and the Atlantic economy overall.
- Firms assisted through the BDP have experienced growth in employment four times that of unassisted firms.
- The benefit-cost ratios for GDP and returns to the taxpayer indicated that the pay-off for BDP investment overall is positive.
- The BDP continues to be relevant in terms of its ability to address gaps in the availability of conventional financing.

An Executive Summary of the evaluation is available at: <http://www.acoa-apeca.gc.ca/e/library/audit.shtml>.  
The next evaluation is planned for fiscal year 2008-2009.

1) Transfer Payment Program:					
<b>Cooperation Program</b> Canada / Newfoundland Comprehensive Economic Development Agreement (CEDA) Canada / Nova Scotia COOPERATION Agreement on Economic Diversification (EDA) Canada / New Brunswick Regional Economic Development Agreement (REDA) Canada / Atlantic Provinces COOPERATION Agreement on International Business Development (IBDA)					
2) Start Date:		3) End Date:		4) Total Funding:	
CEDA	April 1, 1997	CEDA	March 31, 2003	CEDA	65.3 million
EDA	March 30, 1994	EDA	March 31, 2002	EDA	181.4 million
REDA	July 31, 1996	REDA	March 31, 2003	REDA	198.6 million
IBDA	April 1, 2000	IBDA	March 31, 2004	IBDA	<u>4.7 million</u>
\$450.0 million					
5) Description of Transfer Payment Program:					
<p><b>CEDA:</b> Development of strategic sectors, markets and trade, entrepreneurship and innovation, and community economic development.</p> <p><b>EDA:</b> To create quality, sustainable jobs and profitable, world-class companies that are export-oriented. To build on the potential of strategic sectors and enhance the sustainability of communities.</p> <p><b>REDA:</b> To contribute to the expansion of the economic base of New Brunswick.</p> <p><b>IBDA:</b> To undertake specific measures to optimize regional co-ordination in international business development on a pan-Atlantic scale and combine limited resources to co-ordinate trade-related activities. More information on IBDA can be found at: <a href="http://www.acoa-apecca.gc.ca/e/ibda/index.shtml">http://www.acoa-apecca.gc.ca/e/ibda/index.shtml</a>.</p>					
6) Objective(s), expected result(s) and outcomes:					
<p><b>CEDA:</b> Further development of strategic sectors, development of new products and strengthened SME technical capabilities, and implementation of strategic economic plans by the 20 economic zone boards.</p> <p><b>EDA:</b> An increase in the number of sustainable jobs, improved competitiveness of firms as measured by increased exports, increased skills of individuals, development of new businesses and sustainability of communities.</p> <p><b>REDA:</b> Increased opportunities for private sector investment and entrepreneurship, expanded competitive ability of the province through investment in key sectors, as well as sustainable job growth.</p> <p><b>IBDA:</b> Objectives sought will be attained through the delivery of four programs: Export Training and Export Awareness; Market Information and Intelligence; Planning and Research; and International Business Development Activities.</p>					
7) Achieved results or progress made:					
<p><b>CEDA:</b> CEDA provided support to the following strategic sectors: aquaculture, manufacturing, ocean industries, technology development and tourism. Funding was made available to approximately 37 enabling organizations, including industry associations, to provide key resource and development support. CEDA supported the early development of 30 products and processes. At least one-half of these products and services have now moved to the pre-commercial development and production phase. In addition, the program supported the collaborative development of solutions for a series of technical problems in environmental industries, aquaculture, and value-added wood products. Thirty-three firms received support to hire recent graduates of technical programs, and a number of projects were supported that focussed on increasing the capacity of businesses to incorporate specialized skill sets into their operations. Firm-specific initiatives were funded in technology areas such as petroleum engineering, robotics, and industrial technology for food processing. In addition, training programs were initiated in the areas of airborne surveillance and automatic advanced electronics. CEDA supported all 20 economic zone boards in the development and implementation of their strategic economic plans, providing both operational and project-specific support. The boards have now moved to the second phase of planning and continue to pursue priorities set out during the CEDA funded planning process.</p> <p><b>EDA:</b> The sample survey conducted for the EDA follow-on evaluation provided the following main results:</p> <ul style="list-style-type: none"> <li>• The agreement remains highly successful in terms of the project longevity – approximately 80% of the projects funded are still operational.</li> <li>• The EDA has created 6,626 full-time equivalents in sustainable employment, defined as the current employment directly attributable to the EDA projects. In prorating EDA projects by the incrementality proportion (78.6%), the EDA created an estimated 6,090 person-years of incremental direct employment, plus another</li> </ul>					

4,112 person-years of incremental spin-off employment.

- EDA-funded incremental projects contributed an estimated \$390.1 million to provincial gross domestic product over the agreement time frame (1994-2003).
- Many EDA-funded projects will continue to pay dividends for years to come. Projects such as the Technology Infrastructure projects have laid the foundations by which ongoing research and development will continue to produce leading-edge scientific and technological advancements.

The survey analysis was supplemented by case studies, which reveal the rich diversity of EDA-funded projects. The case study review provides a more complete assessment of the nature and qualifications of incrementality, as well as some lessons learned. Case studies were conducted on the following projects or groups of projects:

- Aquaculture Association of Nova Scotia (10 projects)
- Nova Scotia Agritech Park
- Nova Scotia Golf Courses
- Global Information Networking Institute (GINI)
- Aquatic Resources Education Marketing Centre
- Exporting Nova Scotia Fishing Vessel Technology
- Pier 21 (Centre) Society

In conclusion, the EDA represents, for the most part, a successful agreement in that it provided incremental projects, the majority of which remain in operation in their originally proposed form. The size of the agreement represented a major economic event for the provincial economy.

**REDA:** Although the final evaluation to measure progress made and results has not yet been completed, in the draft evaluation of the REDA, the evaluators draw conclusion that REDA achieved positive results.

**IBDA:** Although the final survey results were not available at the time of print, preliminary evaluations draw conclusions that the IBDA achieved extremely positive results during 2004-2005.

Program Activity	8) Actual Spending 2002-03	9) Actual Spending 2003-04	10) Planned Spending 2004-05	11) Total Authorities 2004-05	12) Actual Spending 2004-05	13) Variance (10-12)
<b>14) Foster SME Development and Growth (Access to Capital)</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	21.1	15.6	11.0	12.2	9.6	1.4
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	21.1	15.6	11.0	12.2	9.6	1.4
<b>14) Community Economic Development</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	6.4	2.2	1.9	1.0	0.8	1.1
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	6.4	2.2	1.9	1.0	0.8	1.1
<b>14) Policy Research</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	0.1	-	0.8	0.5	0.1	0.7
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	0.1	-	0.8	0.5	0.1	0.7
<b>16) Total Transfer Payment Program</b>	<b>27.6</b>	<b>17.8</b>	<b>13.7</b>	<b>13.7</b>	<b>10.5</b>	<b>3.2</b>
<b>17) Comments on Variances:</b>	<p><b>CEDA:</b> Planned federal spending for CEDA for 2004-2005 (the final payout year) was \$5,200,000. As a result of a review of projects at the beginning of 2004-2005, the planned spending reported in the 2004-2005 Report on Plans and Priorities was revised to \$3,100,000, the amount required to meet outstanding project commitments. Actual expenditure for the year was \$3,334,249. The variance is due to project expenditures coming in higher than budgeted amounts and, since available funds existed under the terms of the agreement, the extra \$234,249 was spent.</p> <p><b>EDA:</b> Planned federal spending for EDA for 2004-2005 was \$1,100,000, while actual expenditures for the year were \$620,779. The variance of \$479,221 is being cash managed by moving the funds forward to 2006-2007.</p> <p><b>REDA:</b> Planned federal spending for REDA for 2004-2005 (the final year of operation) was \$6,500,000 and a total of \$5,508,976 (or 84.8%) was spent. The variance of \$991,024 is attributed to project expenditures coming in at</p>					

less than budgeted amounts.

**IBDA:** Planned federal spending for the IBDA for 2004-2005 was \$900,000, while the actual expenditures for the year were \$1,033,170. The variance is due to project expenditures coming in higher than budgeted amounts.

18) Significant Evaluation Findings and URL:

**CEDA:** A final evaluation of CEDA is ongoing and will be complete in 2005-2006.

**EDA:** A follow-up evaluation was carried out by the consulting firm Canmac Economics in June 2004. An executive summary of the evaluation can be found at: <http://www.acoa-apeco.gc.ca/e/library/audit/nseda.shtml>. Key findings include:

- 89% of proponents stated that, in light of their experiences with the actual outcomes of their projects, they would still recommend the projects be funded.
- 78.6% of respondents stated their projects had a high probability of not proceeding without government funding.
- EDA-funded incremental projects created an estimated \$304.5 million in direct and spin-off household income for Nova Scotians.

**REDA:** The evaluation is in its draft stage and will be completed for Fall 2005, at which time it will be available on ACOA's Web site at: <http://www.acoa-apeco.gc.ca/e/library/audit.shtml>.

**IBDA:** The Canada / Atlantic Provinces COOPERATION Agreement on International Business Development, now underway for a decade, has been a novel approach in regional co-operation, co-ordination and consensus building. The first extension was in March 1997 for a further three years and \$3 million; the second was in March 2000 for a further four years and \$8 million. The fact that the partners sought a further four-year \$10 million extension attests to its continued relevance and considerable success.

A summative evaluation will be published late Fall 2005, at which time it will be available on ACOA's Web site at: <http://www.acoa-apeco.gc.ca/e/library/audit.shtml>.

1) Transfer Payment Program:						
<b>Community Futures Program</b>						
2) Start Date:		3) End Date:		4) Total Funding:		
May 18, 2000		March 31, 2005		\$133.1 million		
5) Description of Transfer Payment Program:						
To provide financial and technical assistance to SMEs in rural areas. More information on the Community Futures Program can be found at: <a href="http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/appendix.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/appendix.shtml</a> .						
6) Objective(s), expected result(s) and outcomes:						
New and expanded SMEs and additional jobs.						
7) Achieved results or progress made:						
In 2004-2005, the 41 Community Business Development Corporations (CBDCs) assisted 1,172 new and existing businesses. This resulted in the creation of 1,214 jobs and maintenance of 2,225 jobs.						
Program Activity	8) Actual Spending 2002-03	9) Actual Spending 2003-04	10) Planned Spending 2004-05	11) Total Authorities 2004-05	12) Actual Spending 2004-05	13) Variance (10-12)
<b>14) Community Economic Development</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	7.8	22.6	10.8	10.8	9.4	1.4
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	7.8	22.6	10.8	10.8	9.4	1.4
16) Total Transfer Payment Program	7.8	22.6	10.8	10.8	9.4	1.4
17) Comments on Variances:						
The variance is due to funds being returned for use in BDP programming.						
18) Significant Evaluation Findings and URL:						
<p>In 2003-2004, an evaluation of the Community Futures Program, as delivered through the Community Business Development Corporations (CBDCs) in Atlantic Canada, was released. This evaluation concluded that:</p> <ul style="list-style-type: none"> <li>• CBDCs fill a gap in many rural communities by providing a source of capital for small businesses.</li> <li>• One business out of five would have shut down if it had not obtained a loan, while 15% would have ceased some operations.</li> <li>• Among those who started businesses, 57% of survey respondents agreed that they would not have done so without the Community Futures loan.</li> <li>• 34% of survey respondents noted that their Community Futures loans enabled them to sell products or services in another province or country. A strong majority of respondents (74%) indicated that their loans allowed them to expand their markets, while more than 70% were able to develop new products or services.</li> <li>• Community Futures loans have a strong impact in terms of creating and maintaining jobs. The average loan created 1.9 jobs (FTEs) and maintained 3.3 jobs. The average loan size was \$38,000.</li> <li>• Client satisfaction with CBDCs is very high. Overall, 94% of survey respondents who received loans were satisfied with the CBDCs' client services.</li> <li>• The presence of CBDCs helps keep people in rural communities. They also contributed to the municipal tax base through job and business creation.</li> </ul> <p>The Community Futures Program evaluation can be found at: <a href="http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/index.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/index.shtml</a>.</p>						



1) Transfer Payment Program:			
<b>Atlantic Investment Partnership (AIP) Initiative</b> Atlantic Innovation Fund (AIF) Strategic Community Investment Fund (SCIF) Atlantic Trade and Investment Partnership (ATIP) Atlantic Canada Tourism Partnership (ACTP) Entrepreneurship and Business Skills Development (EBSB)			
2) Start Date:	3) End Date:		4) Total Funding:
May 10, 2001	AIF	March 31, 2006	\$115.5 million
	SCIF	March 31, 2006	150.0 million
	ATIP	March 31, 2006	13.3 million
	Tourism	March 31, 2006	6.4 million
	EBSB	March 31, 2006	<u>26.7 million</u>
			\$311.9 million
5) Description of Transfer Payment Program:			
To stimulate stronger economic growth in Atlantic Canada by making strategic investments in five areas: Innovation; Community Economic Development; Trade and Investment; Tourism; and Entrepreneurship and Business Skills Development. More information on the AIP Initiative can be found at the following Web sites: <a href="http://www.acoa-apecca.gc.ca/e/financial/aif/index.shtml">http://www.acoa-apecca.gc.ca/e/financial/aif/index.shtml</a> <a href="http://www.acoa-apecca.gc.ca/e/financial/scif.shtml">http://www.acoa-apecca.gc.ca/e/financial/scif.shtml</a> <a href="http://www.acoa-apecca.gc.ca/e/business/trade/index.shtml">http://www.acoa-apecca.gc.ca/e/business/trade/index.shtml</a> <a href="http://www.acoa-apecca.gc.ca/e/business/entrepreneurship.shtml">http://www.acoa-apecca.gc.ca/e/business/entrepreneurship.shtml</a>			
6) Objective(s), expected result(s) and outcomes:			
<p>The <b>AIF</b> focusses on assisting projects in the area of the natural, applied and social sciences, as well as in the humanities, where these are linked explicitly to the development of technology-based products, processes or services and their commercialization, thereby strengthening the region's system of innovation.</p> <p><b>SCIF</b> focusses on enhancing economic development opportunities in Atlantic Canada by supporting strategic initiatives, mainly in rural communities, in order to: adopt new technologies; enhance the competitiveness of the industrial base; and develop economic infrastructure.</p> <p><b>ATIP</b> and the <b>ACTP</b> initiatives seek to expand sales to international markets and attract foreign direct investment and strengthen trade education and skills development.</p> <p>The <b>EBSB</b> is intended to increase the number of Atlantic Canadians who choose to start their own businesses, improve the ability of existing businesses to compete and grow successfully, and improve the innovation and technical competencies of Atlantic Canada's SMEs.</p>			
7) Achieved results or progress made:			
<p><b>AIF:</b> Under the first two rounds of the AIF, 102 projects were selected representing an ACOA investment of \$294 million toward the development of technology-based products, processes or services and their commercialization. These will support the advancement of natural, applied and social sciences, and the humanities, as well as strengthen the region's system of innovation.</p> <p><b>SCIF:</b> In 2004-2005, ACOA approved 202 SCIF projects for total assistance valued at approximately \$66 million. This, in turn, leveraged an additional \$59.6 million in financing. This support will help communities throughout Atlantic Canada to: create opportunities for economic development in order to stimulate investment and job creation; strengthen and develop community economic development infrastructures of Atlantic rural communities to improve their economic development capacity; and support socio-economic initiatives that enhance communities' capacity to overcome the economic development challenges they face, thereby helping them take advantage of the opportunities presented. A formative evaluation of SCIF, conducted in 2004-2005, indicated that SCIF is allowing for investments to be made in communities in support of creating opportunities for economic development. Between the period 2001-2002 and 2004-2005, SCIF invested approximately \$179.9 million in 486 projects, which leveraged an additional \$205 million.</p> <p><b>ATIP:</b> Through ATIP, ACOA continued its work in partnership with the private sector, academia, provincial governments and other federal departments to develop initiatives aimed at building an export economy in Atlantic</p>			

Canada. ACOA assisted over 1,500 Atlantic SMEs to increase their export skills and readiness. Furthermore, almost 80 SMEs became first-time exporters during the fiscal year through the assistance of ATIP programming. The Agency also assisted with the development and implementation of 22 sector export strategies, both on a pan-Atlantic and on a regional level in such sectors as Information Technology, Boatbuilding, Environment and Agriculture/Agri-food. Initiatives for investment attraction under ATIP included a lead development database, promotional awareness campaigns targeted at key markets, and missions supporting the growth and development of emerging growth sectors in the region. All targets were exceeded for ATIP programming during the year.

**ACTP:** The Atlantic Canada Tourism Partnership performed well in 2004, a year that saw global tourism slowly recover from depressed market conditions that resulted from SARS, the war in Iraq, a soft U.S. economy, a strong Canadian dollar, and continued concerns over the safety of travel. The Return on Investment (ROI) target for the U.S. Program is 10:1; the ROI target for the Overseas Program is 5:1. As outlined below, the ROI targets for both programs were exceeded.

- U.S. Program: attained an overall ROI of \$19.23:\$1.00 in 2004.
- U.S. Consumer Advertising Program: successful in attracting 59,000 party visits with total revenues of \$66.9 million in the Atlantic provinces.
- U.S. Trade Program: generated \$1.1 million in measurable sales directly attributable to ACTP activities.
- Media Relations: media coverage worth \$8.6 million was achieved for the 2004 campaign.
- Overseas Program: exceeded the ROI target; however, the Canadian Tourism Commission, which provides calculations for the Europe consumer advertising campaign, made changes to its methodology that may give results that are not directly comparable to results from previous years. Using this new methodology, the 2004 ROI is estimated at \$8.76:\$1.00, well above the \$5.00:\$1.00 target. Performance was led by consumer advertising campaigns in the United Kingdom and Germany, and results from other overseas programs in Europe and Japan also followed this upward trend.

**EBSI:** Formative evaluations of the AIP Entrepreneurship and Business Skills Development components – Young Entrepreneur Development Initiative (YEDI) for young entrepreneurs, Women in Business Initiative (WBI) for women in business, and ISDI for innovative SMEs – showed positive results all around. For example:

- From inception in October 2002 to March 2005, 6,000 young Atlantic Canadians benefited from YEDI through 126 projects worth \$19 million (\$8.5 million from ACOA). Surveys of *aspiring* young entrepreneurs indicate that, as a result of a YEDI project, 88% have a positive view of owning a business and 72% indicate they will likely start businesses. Surveys of *existing* young entrepreneurs indicate that, as a result of a YEDI project, 84% are now better able to grow their businesses.
- Under the WBI, for the same period, there were 241 projects worth \$13.7 million (\$11.5 million from ACOA). Through the WBI, about 2,000 women business owners (double the target) accessed services including counselling, information sessions, management training, and loans, which all contributed to their competitiveness. Among its findings, the WBI evaluation showed that a larger proportion of the women entrepreneurs who now apply for financing are, in fact, getting loans. Before the program, 67% of women applying for loans were approved; now close to 85% are approved, representing an increase of close to 18%. This means that almost one out of every five women who would have been turned down for a loan before the WBI is now able to get a loan, thus allowing them to compete and grow successfully.
- From October 2002 to March 2005, the Innovation Skills Development Initiative (ISDI) facilitated 480 projects worth \$43 million (\$28 million from ACOA). These projects helped SMEs undertake training or hire the skilled workers they need to flourish in the knowledge-based economy. The ISDI evaluation showed that 84% of respondents consider that ISDI is addressing their most critical skills gaps, and 90.5% of firms are seeing early indications of additional innovative activity as a result of their ISDI projects.

Area and Program Activity	8) Actual Spending 2002-03	9) Actual Spending 2003-04	10) Planned Spending 2004-05	11) Total Authorities 2004-05	12) Actual Spending 2004-05	13) Variance (10-12)
<b>AIF</b>						
<b>14) Foster SME Development and Growth (Access to Capital)</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	24.9	34.5	70.0	58.0	56.0	14.0
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	24.9	34.5	70.0	58.0	56.0	14.0
<b>SCIF</b>						
<b>14) Community Economic Development</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	17.1	41.0	72.5	65.5	60.7	11.8
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	17.1	41.0	72.5	65.5	60.7	11.8
<b>14) Special Response Measures</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	-	14.6	16.0	16.0	16.0	-
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	-	14.6	16.0	16.0	16.0	-
<b>ATIP</b>						
<b>14) Foster SME Development and Growth (Access to Capital)</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	2.2	4.7	6.2	6.5	6.5	(0.3)
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	2.2	4.7	6.2	6.5	6.5	(0.3)
<b>ACTP</b>						
<b>14) Foster SME Development and Growth (Access to Capital)</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	-	3.3	3.5	3.2	3.1	0.4
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	-	3.3	3.5	3.2	3.1	0.4
<b>EBSD</b>						
<b>14) Foster SME Development and Growth (Access to Capital)</b>						
- Total Grants	-	0.2	-	0.2	0.2	(0.2)
- Total Contributions	3.4	9.9	14.4	14.5	13.0	1.4
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	3.4	10.1	14.4	14.7	13.2	1.2
16) Total Transfer Payment Program	47.6	108.2	182.6	163.9	155.5	27.1
Total Grants	-	0.2	-	0.2	0.2	0.3
Total Contributions	47.6	108.0	182.6	163.7	155.3	26.8
Total Other Transfer Payments	-	-	-	-	-	-
16) Total Transfer Payment Program	47.6	108.2	182.6	163.9	155.5	27.1

17) Comments on Variances:

**AIF:** Delays in contracting and implementing a number of the very complex AIF projects resulted in the variance between planned and actual spending.

**SCIF:** The variance is due to funds being deferred to 2005-2006.

**ATIP:** Spending variances for 2004-2005 can be attributed to increased costs incurred under the implementation of the Sector Export Strategies element of ATIP. The variances are a reflection of the increased work that was required to assist industry in developing and implementing these sector export strategies aimed at increasing the export capacity of firms within targeted sectors.

**ACTP:** During 2004 in Nova Scotia, one of the nine partners in the ACTP deferred a few tourism marketing initiatives into the next fiscal year, which resulted in the variance in planned spending versus the actual spending.

**EBSB:** Delivery of the Entrepreneurship and Business Skills Development component of the AIP involves working with commercial clients (for ISDI) and non-commercial business support organizations (for YEDI and the WBI). The slippage occurred mainly on the non-commercial side where development of project activity often entails co-funding by not-for-profit groups that are asked to contribute up to 25% of eligible costs. The variance is simply a reflection of the fact that the Agency was not able to engage a sufficient number of such organizations with adequate resources available to provide the required co-funding. Efforts are being made to identify more participating partners with the needed resources, and the Agency is also examining other funding ratio options to facilitate participation by such partners.

18) Significant Evaluation Findings and URL:

**AIF:** The formative evaluation (published March 2004) concluded that the program does address actual need. This conclusion is based on the clear indication that, due to the Request for Project Proposals process, along with an independent Advisory Board to review and recommend proposals, the AIF is selecting the projects most deserving and likely to succeed. This program has high incrementality (i.e. the majority of proponents would have been affected in their project scope and timing, or in obtaining other sources of funding if AIF assistance had not been available). While it is early in the life of the AIF, the program is making early inroads toward meeting its objectives, and this is being done in a cost-effective manner. For example, the program is leveraging an additional \$1.14 for every dollar it has invested in projects. It is also increasing R&D capacity and activity, as well as demonstrating a contribution to the development and commercialization of new products, services and processes. The evaluation has provided some recommendations for the continued improvement of the implementation of the AIF, such as assessing ways in which it can reduce the time needed to review and approve proposals, while still ensuring due diligence. The AIF evaluation can be found at:

<http://www.acoa-apeca.gc.ca/e/library/audit/marchevaluation2004.shtml>.

**ATIP:** Results of the draft formative (interim) evaluation concluded that the program does address actual need and has achieved all program goals to date. This conclusion is based on the clear indication of achieved results; for example, the number of SMEs assisted and have increased their export capacity, and the various industry stakeholders that have subscribed to the ATIP program elements. The evaluation has also shown that all partners strongly support the success of projects to date. The evaluation will be available on ACOA's Web site in late Fall 2005 at: <http://www.acoa-apeca.gc.ca/e/library/audit.shtml>.

**SCIF:** The formative evaluation, conducted in 2004-2005, showed that SCIF is a good model and is funding projects that are consistent with the design of the program. Notwithstanding the fact that the SCIF was designed for positive long-term impacts, preliminary information suggests indications of success that include job creation, opportunities to build capacity for developing and carrying out community economic development projects, and the creation of positive impacts on communities in economic and social aspects. The evaluation also recommends how the delivery aspect of the program could be improved.

The SCIF evaluation can be found at: [http://www.acoa-apeca.gc.ca/e/library/audit/ex\\_scif.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/ex_scif.shtml).

**ACTP:** The ACTP is pan-Atlantic in scope, involving ACOA, the four Atlantic Provinces and the tourism industry associations as partners. With a budget of \$20 million over a three-year period, about 80% is devoted to the U.S. market (predominantly New England), while the remainder is directed at the overseas markets of Europe and Japan. An evaluation was recently carried out on Year 2 of the current ACTP agreement and will be available on ACOA's Web site in Fall 2005 at: <http://www.acoa-apeca.gc.ca/e/library/audit.shtml>. The evaluation found that the partnership continues to successfully meet its objectives. The Atlantic Canada Tourism Partnership is well positioned to more effectively market Atlantic Canada internationally. Both the U.S. and Overseas programs exceeded their overall ROI targets, and marketing performance was solid on many fronts.

- 2004 U.S. ROI – \$19.23:\$1.00
- 2004 Overseas ROI - \$8.76:\$1.00

**EBSB:** Formative evaluations related to the Young Entrepreneur Development Initiative (YEDI), the Women In Business Initiative (WBI) and the Innovative Skills Development Initiative (ISDI) were conducted.

- For YEDI, the formative evaluation states that it fills gaps and is helping the region to move from a workforce

culture to an entrepreneurial culture. Survey results indicate that many youths start businesses after participating in a YEDI activity, and many intend to use what they have learned. In fact, 21% of participants started a business subsequent to participating in a YEDI activity, and 83% agreed that the YEDI activity will help them grow their businesses.

- As for the WBI evaluation, it determined that the services from the various WBI components are needed by women entrepreneurs and that the business management skills needs of women entrepreneurs in Atlantic Canada are being met by the WBI. One of its strengths is that it has a cost-effective design achieved by maximizing on the success of other ACOA programs, building on existing delivery networks, and integrating results of extensive consultations with stakeholders.
- The ISDI evaluation showed that this program is well-received by SMEs as a means of boosting their innovation management and technical skills levels. A majority of firms (53.1%) have already made additional investments in skills development as a result of their ISDI projects.

The YEDI evaluation can be found at: [http://www.acoa-peca.gc.ca/e/library/audit/ex\\_yedi.shtml](http://www.acoa-peca.gc.ca/e/library/audit/ex_yedi.shtml).

The WBI evaluation will be found at: <http://www.acoa-peca.gc.ca/e/library/audit.shtml> in Fall 2005.

The ISDI evaluation can be found at: [http://www.acoa-peca.gc.ca/e/library/audit/ex\\_isdi.shtml](http://www.acoa-peca.gc.ca/e/library/audit/ex_isdi.shtml).

1) Transfer Payment Program:						
<b>Infrastructure Canada Programs</b> Canada / Newfoundland and Labrador Agreement Canada / Prince Edward Island Agreement Canada / Nova Scotia Agreement Canada / New Brunswick Agreement						
2) Start Date:		3) End Date:		4) Total Funding:		
December 12, 2000		March 31, 2006		Newfoundland and Labrador Agreement	\$ 27.1 million	
				Prince Edward Island Agreement	10.8 million	
				Nova Scotia Agreement	41.3 million	
				New Brunswick Agreement	<u>46.3 million</u>	
					\$125.5 million	
5) Description of Transfer Payment Program:						
<p>Improve Canadians' quality of life through investments that enhance the quality of the environment, support long-term economic growth, and improve community infrastructure.</p> <p>More information on the Infrastructure Canada Program (ICP) can be found at:  <a href="http://www.acoa-apeca.gc.ca/e/financial/infrastructure.shtml">http://www.acoa-apeca.gc.ca/e/financial/infrastructure.shtml</a> and <a href="http://www.infrastructurecanada.gc.ca/">http://www.infrastructurecanada.gc.ca/</a>.</p>						
6) Objective(s), expected result(s) and outcomes:						
Improvements and additions to: green municipal infrastructure, local transportation infrastructure, infrastructure in support of tourism, and affordable housing.						
7) Achieved results or progress made:						
<p>Since agreements were signed with the four Atlantic Provinces, from October 2000 to March 31, 2005, approximately \$169 million of federal funds has been committed to over 630 approved projects under the ICP. The program's first priority is green municipal infrastructure (i.e. projects that improve the quality of the environment and contribute to Canada's goal of clean air and clean water). ACOA is well ahead of target on green objectives, with 85% of federal funds having been directed to projects in this category.</p>						
	8)	9)	10)	11)	12)	13)
Program Activity	Actual Spending 2002-03	Actual Spending 2003-04	Planned Spending 2004-05	Total Authorities 2004-05	Actual Spending 2004-05	Variance (10-12)
<b>Canada / Newfoundland and Labrador Agreement</b>						
14) <b>Infrastructure Programming</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	9.6	9.7	13.0	5.0	5.0	8.0
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	9.6	9.7	13.0	5.0	5.0	8.0
<b>Canada / Prince Edward Island Agreement</b>						
14) <b>Infrastructure Programming</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	3.0	3.5	2.3	2.3	0.7	1.6
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	3.0	3.5	2.3	2.3	0.7	1.6

Program Activity	8) Actual Spending 2002-03	9) Actual Spending 2003-04	10) Planned Spending 2004-05	11) Total Authorities 2004-05	12) Actual Spending 2004-05	13) Variance (10-12)
<b>Canada / Nova Scotia Agreement</b>						
<b>14) Infrastructure Programming</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	12.2	13.6	18.0	14.0	10.0	8.0
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	12.2	13.6	18.0	14.0	10.0	8.0
<b>Canada / New Brunswick Agreement</b>						
<b>14) Infrastructure Programming</b>						
- Total Grants	-	-	-	-	-	-
- Total Contributions	14.6	12.9	15.0	17.0	16.1	(1.1)
- Total Other Transfer Payments	-	-	-	-	-	-
15) Total for Program Activity	14.6	12.9	15.0	17.0	16.1	(1.1)
16) <i>Total Transfer Payment Program</i>	39.4	39.7	48.3	38.3	31.8	16.5
17) Comments on Variances:						
Adjusting to program requirements, the Agency obtained authority to reprofile \$10.0 million from Planned Spending, and reports a variance of \$6.5 million. In order to permit an orderly wind down of the program and ensure projects are provided ample time to reach successful conclusion, authority was sought by Industry Canada, and obtained from the Treasury Board Secretariat, to extend the Terms and Conditions to March 2009. Funding remains at \$183.775 million for Atlantic Canada, being its share of the \$2.05 billion provided in Budget 2000.						
18) Significant Evaluation Findings and URL:						
An evaluation of the Infrastructure Canada Programs will be published in Fall 2005 at which time it will be available on ACOA's Web site at: <a href="http://www.acoa-apeca.gc.ca/e/library/audit.shtml">http://www.acoa-apeca.gc.ca/e/library/audit.shtml</a> .						

**Table 10: Response to Parliamentary Committees, Audits and Evaluations for FY2004-2005**

**Response to Parliamentary Committees**

No Parliamentary Committee recommendations were received for 2004-2005.

**Response to the Auditor General**

ACOA's Audit Directorate provided oversight of the implementation (by Agency management) of recommendations from the Auditor General's Report of December 2001. The outstanding recommendations for 2004-2005 included:

- improving the management of relationships with partners;
- establishing clear, concrete expectations for non-commercial projects, agreements, and partnerships; and
- developing and implementing alternative methods of measuring the impact of non-commercial projects.

ACOA has made considerable progress in all of these recommendations and continues to liaise with the Office of the Auditor General, keeping it abreast of Agency efforts. For more information, please refer to ACOA's Web site: <http://www.acoa-apeca.gc.ca/e/library/audit.shtml> and the document *ACOA Action Plan In Response to Auditor General's Report of December 2001*, prepared by the ACOA Audit Directorate in November 2004, at: <http://www.acoa-apeca.gc.ca/e/library/audit/actionplan2004/november/index.shtml>.

**External Audits or Evaluations**

There were no external audits or evaluations conducted during 2004-2005.

**Internal Audits or Evaluations**

*Audit of Advances*

by ACOA Audit Directorate, April 2004

[http://www.acoa-apeca.gc.ca/e/library/audit/audit\\_0405\\_e03.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/audit_0405_e03.shtml)

*Audit of Infrastructure Canada Program – Program Management*

by ACOA Audit Directorate, May 2004

[http://www.acoa-apeca.gc.ca/e/library/audit/audit\\_0405\\_e02.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/audit_0405_e02.shtml)

*Audit of the Post-Payment Audit Results (Fiscal Years 2001-2002 and 2002-2003)*

by ACOA Audit Directorate, July 2004

[http://www.acoa-apeca.gc.ca/e/library/audit/audit\\_0405\\_e01.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/audit_0405_e01.shtml)

*Audit of the Post-Payment Audit Function (Fiscal Year 2003-2004)*

by ACOA Audit Directorate, January 2005

*Audit of International Business Development Agreement*

by ACOA Audit Directorate, February 2005



*Canada / NS COOPERATION Agreement on Economic Diversification Follow-up Evaluation*  
by Canmac Economics Ltd., June 2004  
<http://www.acoa-apeca.gc.ca/e/library/audit/nseda.shtml>

*Formative Evaluation of the Young Entrepreneurship Development Initiative*  
by Consortia Development Group, November 2004  
[http://www.acoa-apeca.gc.ca/e/library/audit/ex\\_yedi.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/ex_yedi.shtml)

*Formative Evaluation of the Innovation and Skills Development Initiative (ISDI)*  
by Hickling Arthurs Low, November 2004  
[http://www.acoa-apeca.gc.ca/e/library/audit/ex\\_isdi.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/ex_isdi.shtml)

*Formative Evaluation of the Strategic Community Investment Fund*  
by Consulting and Audit Canada, November 2004  
[http://www.acoa-apeca.gc.ca/e/library/audit/ex\\_scif.shtml](http://www.acoa-apeca.gc.ca/e/library/audit/ex_scif.shtml)

*Formative Evaluation of the Women in Business Initiative (WBI)*  
by Performance Management Network Inc., March 2005

**Table 11: Sustainable Development Strategies**

ACOA’s Sustainable Development Strategy (SDS) III continues to focus on initiatives that contribute to sustainable businesses and communities in Atlantic Canada.

Points to address	Agency Input
<p><b>1. What are the key goals, objectives, and/or long-term targets of the SDS?</b></p>	<p>ACOA’s goals are to: support Atlantic businesses and communities; build awareness of Sustainable Development (SD) and promote/support eco-efficiency in Atlantic Canada; build capacity in environmental technologies; and set an example through its own operations. The long-term target is to develop more competitive, resource-efficient and sustainable businesses in Atlantic Canada, while protecting the environment and well-being of its citizens.</p>
<p><b>2. How do your key goals, objectives and/or long-term targets help achieve your agency’s strategic outcomes?</b></p>	<p>ACOA’s SD goals are tied to its strategic priorities, which integrate the environmental and social aspects of SD with the Agency’s economic focus. Promoting eco-efficiency, helping environmental technologies, and improving infrastructure in communities all contribute to a thriving Atlantic Canadian economy and prosperous communities.</p>
<p><b>3. What were your targets for the reporting period?</b></p>	<p><b>4. What is your progress to date (this includes outcomes achieved in relation to objectives, and progress on targets)?</b></p>
<ul style="list-style-type: none"> <li>• Key Target: Increase in number of initiatives and activities that support environmental industries.</li> </ul>	<p><i>Progress: Ongoing</i></p> <ul style="list-style-type: none"> <li>• Through the Atlantic Innovation Fund, 16 projects in the environment sector (or with an environmental element) were approved, for a total of \$21.7 million (\$9.9 million of which is repayable) toward total investment of \$44.1 million (\$14.6 million repayable).</li> <li>• The Business Development Program provided repayable contributions of \$238,000 and non-repayable of \$2.8 million to projects in the environment sector.</li> <li>• ACOA provided \$1.6 million in funding to support environmental projects with community organizations.</li> <li>• ACOA provided \$345,000 in non-repayable assistance for three projects at the Burnside Eco-Efficiency Centre in Nova Scotia; two projects with the environmental industries associations were supported for a total of \$90,000.</li> <li>• Through the Community Business Development Corporation in western Prince Edward Island, ACOA funded two projects relating to the development of environmental industries within the province: a sector export strategy for the wind energy sector, and a conceptual plan and feasibility study for the establishment and operation of a facility to be known as the <i>Canadian Wind Energy Institute</i>.</li> <li>• ACOA is currently developing an export strategy and action plan for the top three sub-sectors of the Atlantic Canadian environment industry: water/wastewater, solid waste and remediation.</li> </ul>

<ul style="list-style-type: none"> <li>• Key Target: Increase in number of sustainable tourism businesses.</li> </ul>	<p><i>Progress: Ongoing.</i></p> <ul style="list-style-type: none"> <li>• The Atlantic Canada Outdoor Adventure Partnership currently has eight industry partners. ACOA contributed \$495,000 to this project.</li> <li>• Through the Bouctouche Eco-tourism Project, ACOA contributed \$312,000 to support seven communities to complete an eco-tourism workshop. Three communities received follow-up care.</li> <li>• ACOA, with Hospitality Newfoundland and Labrador, the Canadian Tourism Commission and Parks Canada supported the efforts of a consortium of tourism industry players in establishing the Gros Morne Institute of Sustainable Tourism (GMIST) to advance the quality and success of Atlantic Canadian tourism operators through an array of training programs developed and offered at the Institute. ACOA contributed \$490,000 to the project.</li> </ul>
<ul style="list-style-type: none"> <li>• Key Target: Partnerships created within the public and private sectors to work on common initiatives.</li> </ul>	<p><i>Progress: Ongoing.</i></p> <ul style="list-style-type: none"> <li>• ACOA met with other federal departments and regional stakeholders to discuss possible initiatives to mitigate the impact of climate change. ACOA is working with the Nova Scotia Department of Environment and Labour; the Halifax Regional Municipality; Natural Resources Canada; and the Nova Scotia Environmental Industries Association (NSEIA) on a Climate Change Adaptation Initiative, to improve knowledge of climate change impacts and develop effective and appropriate ways of adapting.</li> <li>• ACOA, in partnership with the Province of Nova Scotia, supported the establishment of the South West Shore Energy Office to help achieve maximum economic benefits from the oil and gas sector, as well as the alternative energy sector. ACOA's support is \$145,000 on total project costs of \$205,000.</li> <li>• ACOA partnered with Environment Canada to provide workshops for the metal finishing sector, as well as a workshop to introduce national funding programs available (titled <i>Show Me the Money</i>).</li> <li>• The Agency provided a contribution of \$85,000 to support the international conference on Sustainable Development held in Antigonish, Nova Scotia, in June 2005.</li> <li>• ACOA is following developments in oil and gas as well as alternative energy sources through an internal energy committee, which monitors national and international activities to determine the impact on the region and/or where the region can play a role. Activity and project information is shared across the Agency.</li> <li>• ACOA and its federal partners (Environment Canada, Industry Canada, and the National Research Council) have formed the Atlantic Environment Technology Advancement Network (AETAN) Steering Committee.</li> <li>• Aegis Management Consulting Group, under contract to ACOA, prepared a report on fostering environmental technology and innovation commercialization in Atlantic Canada SMEs.</li> </ul>

<ul style="list-style-type: none"> <li>• Key Target: Increase in number of communities with adequate infrastructure to improve the quality of life for citizens, reduce pollution and attract businesses.</li> <li>• Key Target: Increase the number of Atlantic youth who will consider the environment in their business plans as well as opportunities in environmental industries sector.</li> </ul>	<ul style="list-style-type: none"> <li>• The Agency partnered with Natural Resources Canada to establish a Canadian Industry Program for Energy Conservation (CIPEC) Atlantic Task Force.</li> <li>• ACOA partnered with Environment Canada, the provincial government, the Burnside Eco-efficiency Centre and Nova Scotia Power on two pilot projects to perform eco-efficiency audits with SMEs in Nova Scotia.</li> <li>• ACOA participated in a workshop to develop Environment Canada's strategy for dealing with SMEs.</li> <li>• ACOA is also a member of the following committees and groups: the Interdepartmental Network on Sustainable Development Strategies, the Pollution Prevention Coordinating Committee, and the Team Atlantic Environment (TAE) Committee.</li> </ul> <p><i>Progress: Ongoing.</i> Through the Infrastructure Canada Program, \$145 million (toward total project costs of \$443 million) was provided or committed to 582 projects in green infrastructure, including water and sewer improvements in rural communities.</p> <p><i>Progress: Ongoing.</i> Three projects were completed.</p> <ul style="list-style-type: none"> <li>• A DVD was produced containing video profiles of young entrepreneurs for distribution at the February 2005 Junior Achievement Atlantic Conference. Up to 200 of these DVDs were distributed to young Atlantic Canadians.</li> <li>• ACOA supported the <i>Université de Moncton's</i> television profile of a young entrepreneur who operates an ecologically friendly landscape development and maintenance business. This television vignette, which was also featured in newspapers and integrated into a high school resource for teachers, reached an estimated 34,856 young Francophone Atlantic Canadians.</li> <li>• ACOA produced a bilingual handbook titled, <i>Protecting the Environment: Entrepreneurs Working Toward a Sustainable Future</i>. Over 10,000 copies were distributed to a wide array of end-users such as high school students and teachers, colleges, and University Business Development Centres, etc. It was also placed on ACOA's Web site.</li> </ul>
<p><b>5. What adjustments have you made, if any?</b></p>	<p>The major adjustment from SDS II to SDS III has been the linking of SD initiatives to the Agency's Strategic Outcomes. This has enabled sustainable development outcomes to be clearly measured for reporting purposes, and demonstrates how the three pillars of SD naturally fit into ACOA's mandate.</p>

For a detailed report on ACOA's progress in its Sustainable Development Strategy, refer to the ACOA Web site at:

<http://www.acoa-apeca.gc.ca/e/library/reports/performance2005/sustainable.shtml>

## **Table 12: Service Improvement Initiative**

The Service Improvement Initiative is a key component of the Government of Canada's commitment to Citizen-Centred Service Delivery. The Agency has embraced the initiative and has been active in various aspects of client service. ACOA has undertaken two client surveys, one in 2001-2002 and one in 2003-2004, both resulting in very positive overall satisfaction rates just above 80%. (The second client survey is available on the ACOA Web site: <http://www.acoa-apeca.gc.ca/e/about/service/index.shtml>). Since the Agency's major focus is on program delivery through the use of transfer payments, the service improvement activities concentrates on that client base.

There were significant improvements in clients' ratings of specific factors from the first to the second surveys. Steps undertaken by the Agency during the intervening years, in terms of service improvements, were productive. Some of these improvement steps involved simple things such as voice mail availability and voice mail return standards, the hiring and training of additional staff, and delegation of authorities for smaller projects to account managers. The Service Improvement Plan (SIP) itself, while not yet formalized, has been embraced. For example, the Agency is making strides in the use of electronic tools to process applications, and clients recently gained access to a secure electronic claim process, the implications of which will be enumerated in the third client survey scheduled for late 2005. It is expected that the SIP will be formalized in the 2005-2006 fiscal year, but, by its very nature, must continue its flexible and adjustable focus.

In addition to the biannual client survey based on the Common Measurement Tool (CMT) process, several of ACOA's regional offices undertake regular client surveys, using information gathered through these processes to refine activities. Also, while a formal complaint mechanism is not in place, current work practices support responding to client input. This function will be more regularized and results will be reviewed on an annual basis. Complaints will be responded to from the Vice-President of the ACOA region from which the complaint originated.

Over the 2001 through 2005 time frame, multiple sets of corporate data, each covering approximately 15 months, were analyzed with the purpose of establishing service standards. These standards have not yet been formally set; however, since the first survey, the pre-eminent major client focus has been the turn-around time for project approvals. In comparison to 2001, the Agency improved its turnaround time in terms of project approvals by 28%.

## Table 13: Horizontal Initiatives

ACOA acts as the Lead Agency on:

1. Atlantic Canada Tourism Partnership (ACTP)  
<http://www.acoa.ca/e/media/press/press.shtml?2665>
2. Canada / Atlantic Provinces COOPERATION Agreement on International Business Development (IBDA)  
<http://www.acoa-apeca.gc.ca/e/ibda/index.shtml>
3. Team Canada Atlantic (TCA)  
<http://www.teamcanadaatlantic.ca/>

Other Horizontal Initiatives:

1. Rural Development / Canadian Rural Partnership – Agriculture and Agri-Food Canada  
Partnership: [http://www.rural.gc.ca/iwg\\_e.phtml](http://www.rural.gc.ca/iwg_e.phtml)  
Treasury Board: [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)
2. Team Canada Inc. (TCI) – International Trade Canada  
TCI: [http://www.pch.gc.ca/progs/ac-ca/progs/rc-tr/progs/canada-inc/index\\_e.cfm](http://www.pch.gc.ca/progs/ac-ca/progs/rc-tr/progs/canada-inc/index_e.cfm)  
Treasury Board: [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)
3. Infrastructure Canada Program (ICP) – Infrastructure Canada
4. Canada Strategic Infrastructure Fund (CSIF) – Infrastructure Canada
5. Municipal Rural Infrastructure Fund – Infrastructure Canada  
Infrastructure Canada: [http://www.infrastructure.gc.ca/funding/index\\_e.shtml](http://www.infrastructure.gc.ca/funding/index_e.shtml)  
Treasury Board: [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)
6. U.S. Enhanced Representation Initiative (ERI) – Foreign Affairs Canada  
ERI: [http://webapps.dfait-maeci.gc.ca/minpub/Publication.asp?publication\\_id=380348&Language=E](http://webapps.dfait-maeci.gc.ca/minpub/Publication.asp?publication_id=380348&Language=E)  
Treasury Board: [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)
7. Canada Business Service Centres (CBSCs) – Industry Canada  
CBSCs: <http://www.cbsc.org/>  
Treasury Board: [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)
8. Canadian Agriculture and Food International (CAFI) Program  
CAFI: [http://www.agr.gc.ca/int/cafi-picaa/index\\_e.php?page=intro](http://www.agr.gc.ca/int/cafi-picaa/index_e.php?page=intro)
9. Aboriginal Economic Development

More information on Horizontal Initiatives can be found at

ACOA: <http://www.acoa-apeca.gc.ca/e/library/reports/performance2005/horizontal.shtml>  
and at Treasury Board: [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil\\_e.asp](http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)

## **Table 14: Travel Policies**

The Atlantic Canada Opportunities Agency follows the Treasury Board Secretariat's Special Travel Authorities, as well as the Travel Directive, Rates and Allowances.

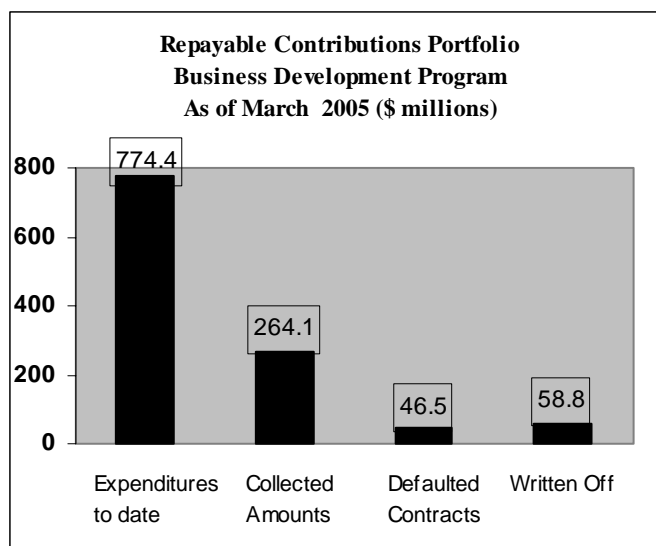




## Section IV – Other Items of Interest

### ***Business Development Program Repayable Contributions Portfolio***

Under the Business Development Program (BDP), ACOA provides interest-free, unsecured loans to small and medium-sized enterprises to help them start up, expand, improve productivity, develop new markets or undertake other growth-oriented activities. Commercial assistance is repayable over an average repayment term of five to seven years. The chart at right gives a picture of the portfolio. From inception of the BDP in 1995 until March 2005, the Agency collected \$264.1 million of repayable contributions. The cumulative rate of defaulted contracts and/or write-offs since 1995 is 13.6% (\$105.3 million of a total \$774.4 million).



On the overall repayable portfolio (BDP and inherited programs), annual collections have increased steadily and reached \$54.9 million in fiscal 2004-2005, of which \$50.9 million related to the BDP.

The Agency collected approximately 76% of annual forecasted repayments, about 19% of which was rescheduled to future years, and about 5% was defaulted. In 2005-2006, collection of the overall repayable contributions portfolio is expected to total at least \$54 million.

#### **Risk Mix**

All commercial clients are risk-rated based on a five-tier gradation system. Accounts are reviewed regularly and the level and frequency of monitoring applied are adjusted in accordance with the risk rating. As of March 31, 2005, the risk mix of the BDP repayable portfolio (excluding conditionally repayable accounts where conditions were not yet met) was ranked as shown in the table to the right.

Risk Rating	Portion of Portfolio	Principal Outstanding (\$ millions)
1 Low	8%	26.1
2 Low -- Medium	26%	81.8
3 Medium	38%	119.5
4 Medium -- High	21%	67.4
5 High	7%	20.6
Not yet rated	0%	0.2
<b>Total</b>	<b>100%</b>	<b>315.6</b>

More information on repayable contributions may be found on ACOA's Web site at: <http://www.acoa-apeca.gc.ca/e/financial/repayable/index.shtml>.

## ***Government Themes and Management Issues***

### **Government On-Line**

In the fall of 2004, ACOA and its Secure Channel partners at Public Works and Government Services Canada completed the final steps of an almost year-long agreement with Treasury Board that saw the Agency as one of the first department/agencies to be connected to the secure channel infrastructure through a generic process. This was a critical step that has allowed ACOA to meet its commitment to the Government On-Line (GOL) strategy to deliver information, programs and services over the Internet and achieve its target of March 31, 2005, ahead of schedule. Below are the two key services identified for the GOL.

#### **1. Transfer Payments**

ACOA Direct, as it is aptly named, provides clients with the ability to review up-to-the-minute information about their projects with ACOA from anywhere in the world, at a time and place of their choosing and in the official language of their choice. Also built into the system is the capability for clients to send and receive secure messages and attachments. They can submit a claim for reimbursement, request an advance (if their contract permits), and manage the users of their system. Because the system was transformed from the inside out, as more services become available internally, more will be available for the client to access. In the spirit of true transformation, when claims are submitted on-line and internally approved, they are automatically moved to the payment generation phase, which can significantly reduce the waiting time for clients. At the appropriate time upon project completion, the electronic repayment phase of the loan to ACOA will commence. Of note is that during the year, ACOA also assisted Enterprise Cape Breton Corporation in installing the “generic” version of ACOA Direct to use as its GOL solution.

#### **2. Information Sharing and Exchange**

Although ACOA has consistently met and exceeded norms for the communication and sharing of its program information with clients and partners, the Agency continually strives for improvement. Basic information for all projects funded by ACOA since 1995 has been on its Internet site for several years now. All program information, application forms, trade missions, publications, speeches, audits, etc., are available and current and have been well received as evidenced by client surveys. To support proactive disclosure, the public can now access travel and hospitality expenses for the ACOA Minister, the Minister’s staff and ACOA senior executives. In addition, the public can view contracts issued and look at any employee positions that have been reclassified.

#### **3. Extranet**

ACOA continues to play a role in providing Extranet Hosting services to partners in Atlantic Canada. In 2003-2004, the Agency reported that the PEI Federal Council

and Team Canada Atlantic sites were up and running using Content Management Server (CMS) software. During 2004-2005, the Nova Scotia, Newfoundland and Labrador, and New Brunswick Federal Councils all started work on converting their sites to this new technology, which allows the users to easily add, edit and maintain the information on their sites. Springboard Atlantic Inc. is an association supported by ACOA, which not only focusses on the effective and efficient transfer of technology among universities in Atlantic Canada, but also aims to advance the commercialization of research within both universities and the region's private sector. ACOA has worked throughout 2004-2005 to help Springboard deliver its message through its own CMS sites.

## **Modern Comptrollership**

Even though the Government-wide Modern Comptrollership Initiative reached its sunset date in March 2004, ACOA has continued to implement principles of the initiative to ensure that they are embedded in the management practices of all managers and into broader management accountabilities. The Agency has also worked toward implementing the Management Accountability Framework (MAF), which builds upon the Modern Comptrollership Initiative. In order to tailor the management expectations described in the MAF to ACOA's reality, the Agency has created the four Modern Business Management Focus Areas. More information of ACOA's work in Modern Business Management can be found later in Section IV, under the title Corporate Services.

## ***Public Service Modernization Act***

Recent studies and reports have highlighted the challenges facing the federal public service in the areas of recruitment and staffing, managing human resources, and labour-management relations. In response to these challenges, the *Public Service Modernization Act* (PSMA) was introduced in the House of Commons in February 2003. Successful implementation of the PSMA is a priority at ACOA and will provide the Agency with more flexibility to hire the right people when and where they are needed.

The PSMA created two new acts, the *Public Service Employment Act* (PSEA) and the *Public Service Labour Relations Act* (PSLRA); it also amended two existing acts, the *Financial Administration Act* (FAA) and the *Canada Centre for Management Development Act* (to establish the new Canada School of the Public Service).

For PSMA in general, ACOA has established a Human Resources (HR) Advisory Committee to provide advice on human resources policy development and implementation, including all aspects of modernizing HR management. The HR Advisory Committee has representatives from each of ACOA's operating regions and from each branch at Head Office. A full-time co-ordinator was appointed to oversee the implementation of the PSMA.

Whereas the implementation date for the PSLRA and changes to the FAA was April 1, 2005, ACOA was required to have an active Labour Management Consultation Committee (LMCC). The Agency already had an established LMCC with one of its large bargaining agents (PIPSC), but expanded the LMCC to include the other bargaining agents (PSAC, CAPE and APSFA); ACOA has also developed and implemented an informal conflict management system (ICMS) and identified ICMS co-ordinators and a senior officer at Head Office. The Agency has, therefore, met its obligations under the PSLRA.

The implementation date for the PSEA is December 2005. ACOA has developed mandatory Agency policies on areas of selection, corrective action and revocation, and the use of non-advertised appointments. ACOA has also invited its four bargaining agents to participate on sub-committees, in order to encourage co-development and/or consultation. Draft policies have been sent to ACOA managers and bargaining agents for consultation, and it is expected that approval from ACOA Executive Committee will be received in Fall 2005.

ACOA has established a training committee to review training needs with respect to the PSMA and to develop a training plan for the Executive Committee's consideration. A consulting firm has been hired to develop the material and deliver training to managers who will be receiving staffing sub-delegation. A delegation plan outlining the activities and authorities to be delegated to managers for PSMA has been developed.

ACOA has fully integrated HR Planning within its corporate planning process to ensure HR services are strategically aligned to help the Agency achieve its business priorities. ACOA is active in ensuring that its workforce is representative of the Canadian population as stated in the federal Embracing Change initiative. In partnership with other stakeholders and federal departments, ACOA will develop an Atlantic Population Strategy to address the challenges of immigration and the attraction and retention of skilled Atlantic Canadians. This will create opportunities for the Agency to attract and retain visible minorities within ACOA.

## **Federal Regional Councils**

ACOA's regional Vice-Presidents chair or play co-ordinating roles in Federal Regional Councils in each province. These councils bring together senior officials of federal departments and agencies. Councils play an important role as an executive forum to help improve service delivery, communication with provincial governments and other federal departments on regional perspectives and federal initiatives, as well as co-operation and co-ordination with other jurisdictions.

Some of the specific regional initiatives undertaken in 2004-2005 are listed below.

### **Nova Scotia**

The Council addressed the federal Official Languages agenda at both its internal and external levels and in all of Nova Scotia. In addition, the Council was involved in the modernization of human resources management by supporting the strategy for the modernization of the public service. The Council contributed to the implementation of a service delivery pilot to strengthen the Service Delivery community in Nova Scotia. Furthering the diversity agenda ensured that a more integrated approach to employee development is in effect. The Council also contributed to the implementation of a leadership development pilot project for the executive and executive feeder group levels. With regard to communities, the Council was involved in scoping a role for itself in the urban/rural agenda within the Nova Scotia context. The Council was also active in better aligning the Federal Council Security Committee to new national security initiatives.

### **New Brunswick**

The Council addressed corporate and strategic issues in the areas of modernization of human resources management, official languages, Aboriginal dialogue, youth, homelessness, diversity, learning, the National Managers' Community, National Public Service Week, the Government of Canada Charitable Campaign, and emergency protocols. The emergency protocols focus on internal and external communication during major emergencies. In the area of official languages, activities were undertaken to promote official languages and play a leadership role, given that New Brunswick is the only officially bilingual province in Canada.

Diversity activities undertaken were aimed at increasing awareness of cultural diversities among public service managers and leaders, and providing them with the necessary tools to promote diversity.

One of the projects undertaken by a consultant for the Council's consideration was a presentation on Aboriginal employment under the Joint Economic Development Initiative (JEDI), a tripartite partnership among the Aboriginal communities of New Brunswick, the Government of Canada and the Province of New Brunswick.

### **Newfoundland and Labrador**

The Council was very active in advancing broad federal priorities in a number of areas. Through the Official Languages (OL) Regional Partnerships Fund, the OL Subcommittee of Council was successful in launching a number of internal and external French language programs. Of note is the program *Parlons Nous*, which promotes French language use in the workplace. This program was recognized as a best practice at the National Managers' Conference in Regina, Saskatchewan.

The Council entered into a partnership with the Canada School of the Public Service to promote affordable and accessible learning for public servants in this region and, to date, it has been very successful. As well, the Human Resources Subcommittee has been working very closely with the Canada School of Public Service and the Public Service Human Resources Management Agency of Canada in rolling out information and training sessions on the new *Public Service Modernization Act*. In February 2005, through the support of the Council, the National Managers' Community, the Future Leaders Network, and the Association of Professional Executives sponsored a very successful Leadership Forum. In June 2004, the Council was very active in sponsoring interdepartmental National Public Service Week activities. Approximately 3,500 employees attended a number of events at 17 locations across the province. As in past years, the Human Resources Subcommittee has been very active in supporting interdepartmental career development through a number of different programs.

Other subcommittees have also been very active, particularly in the areas of policy, security, and Government On-Line.

### **Prince Edward Island**

Through the Official Languages Committee of Council, strong relationships were forged with the Acadian and Francophone community in Prince Edward Island during the development of *L'Acadie 400* activities. As well, a language maintenance forum was held in March 2004 and received positive feedback. The goal of the forum was to explore formal and informal French language maintenance vehicles in the province.

On the human resources front, the Human Resources Subcommittee of Council, in partnership with the Public Service Human Resources Management Agency of Canada and the Association of Professional Executives (APEX), delivered a half-day information session on the *Public Service Management Act* (PSMA) outlining significant changes that will result from the PSMA.

Also, in regard to the human resources priority, the Council entered into the PEI Learning Partnership Agreement with the Canada School of Public Service, the University of Prince Edward Island, Holland College, Veterans Affairs Canada, and the Province. The agreement, the first of its kind in Canada, will bring accessible, affordable and relevant learning to public servants in Prince Edward Island. As well, the Canada School of Public Service delivered three PSMA-related courses: P101 Accountabilities and Responsibilities; P102 Enabling Skills and; P103 Training for Trainers. These three courses benefited a total of 51 participants.

As well, the Shared Learning Centre was established in 2004-2005. This includes the virtual learning component on the Council's Web site.

As a result of the recognition to increase policy capacity in the region, the Council established a policy network comprising policy experts from line departments.

## **Territorial Development Policy Committee - Organisation for Economic Co-operation and Development**

On April 1, 2004, ACOA ceased to be the official Canadian delegate to the Territorial Development Policy Committee (TDPC) and, therefore, will no longer report on this activity. ACOA was replaced by a delegate from Western Economic Diversification Canada, through an established practice that sees the Canadian delegate chosen on a rotating basis from either one of the Regional Development Agencies or Industry Canada.

### ***Official Languages Act***

ACOA continues its support of the French linguistic minority community both regionally and nationally. It continues to maintain its active participation on the National Committee of Co-ordinators Responsible for the Implementation of Section 41 of the *Official Languages Act* (sponsored by the Department of Canadian Heritage) and on the National Committee on Economic Development and Employability (sponsored by Human Resources and Skills Development Canada).

The Atlantic Canada Cultural and Economic Partnership came to an end on March 31, 2005. A joint, equally financed \$10-million initiative between the Agency and Canadian Heritage, the partnership focussed on stimulating the economic development of the cultural sector and on celebrating the history and cultural diversity of Atlantic Canada with emphasis on the 400<sup>th</sup> anniversary of *L'Acadie* in 2004. The partnership resulted in an investment of \$10 million in the cultural sector, all the while stimulating economic development, notably in the area of cultural tourism.

The unique culture, heritage and language flowing from Acadian tourism proved again this year to present an economic growth opportunity in Nova Scotia. In 2004-2005, the preparatory work conducted by ACOA with Acadian and Francophone communities to support initiatives arising from the *L'Acadie* 2004 commemorative events bore fruit and resulted in a successful year in terms of cultural tourism relating to the Acadian culture in particular. Many of the initiatives were funded through the Atlantic Canada Cultural and Economic Partnership. The Agency continued its support of Acadian entrepreneurship and skills development through collaborative work with the *Centre Jodrey* at the *Université Sainte-Anne – Collège de L'Acadie*. ACOA again facilitated economic development in the province's Acadian regions by providing core operating support to the *Conseil de développement économique de la Nouvelle-Écosse*.

In New Brunswick, ACOA continued to invest in various projects involving the French minority official language community. Universities, e-learning organizations, festivals, as well as other non-profit organizations and sector associations, community colleges, Community Economic Development Organizations, Community Business Development Corporations, *le Conseil économique du Nouveau-Brunswick*, and municipalities all benefited once again from ACOA's contributions.

In Prince Edward Island, ACOA continued to invest in French-language minority economic development. As was the case for all Agency offices, the Atlantic Canada Cultural and Economic Partnership served to complement the ACOA funding made to the community on Prince Edward Island. Support for Acadian and Francophone cultural activities continued in 2005 and those investments made in 2004 showed positive results. The presence of a dedicated Francophone Affairs Development Officer in Wellington has enhanced the provision of services to the community in that area.

In Newfoundland and Labrador, ACOA continued to assist with economic diversification projects in Francophone communities. As well, thanks to additional investments ensured through the Atlantic Canada Cultural and Economic Partnership, intended for activities specific to the 400<sup>th</sup> anniversary of *L'Acadie* celebrations in that province, many new projects were entertained and funded. It is hoped that the activities undertaken will allow for extended benefits to the community in the years to come.



## Corporate Services

*Efficiently and effectively managed resources and administrative systems and services to support management decision-making, accountability and operational control.*

Financial Resources (\$ millions)		
Planned	Authorities	Actual
24.9	24.7	23.1

Human Resources (Full-Time Equivalents – FTEs)		
Planned	Authorities	Actual
222	222	222

Specific plans, targets and results are presented in the following table.

<p><b>Plan:</b> Continuous improvement in the provision of timely and quality corporate administrative services and in the promotion of sound management practices, including modern comptrollership, transfer payments, contracting accountability and human resources planning.</p>	
<p><b>Target: Communication</b> Improved awareness and understanding of ACOA’s rationale, programs and services among both the general public and the Agency’s key stakeholders.</p>	<p><b>Result:</b> <i>On track. Research shows that awareness of ACOA has increased among the general public.</i></p>
<p>Research conducted by Corporate Research Associates in 2004-2005 shows awareness of ACOA has increased among the general public; 18% identify ACOA, unaided, as being responsible for improving the regional economy (compared with 16% in 2002). Awareness and understanding of ACOA’s rationale has also increased among the Agency’s key stakeholders; 90% of stakeholders in 2004-2005 viewed ACOA as being successful in fulfilling its mandate, compared with 85% in 2002. A strong majority of Atlantic Canadians (70%) continue to recognize the ACOA name.</p>	
<p><b>Target: Corporate Systems</b> Through the use of Web technology and service transformation, continue to increase the availability of corporate information, integrate program management and finance reporting systems, and prepare key service systems for on-line delivery</p>	<p><b>Result:</b> <i>On track.</i></p>
<p>During the 2003-2004 fiscal year, a new internal Web-based Automated Procurement System was introduced offering the capability to work with standing offers. In 2004-2005, the system was refined and enhanced to provide procurement instruments for Local Purchase Orders, Goods and Contracts.</p>	
<p><b>Availability and Integration of Corporate Information and Reporting</b> Development was completed of a Web-based interface using “multi-tabs” to deliver more intuitive information and reporting. Refinements and enhancements to the original design were made, which now provide the ability for a supervisor to re-assign client portfolios to others, if necessary, to ensure that work on client files continues in the case of an unanticipated absence of an account manager, for example.</p>	
<p><b>Modernization of Technology Platform</b> Delivering state-of-the-art Web management tools requires an appropriate platform. A major part of this year’s effort went into upgrading the Agency’s servers and workstations to the MS Server 2003, Microsoft XP Professional operating system and MS Office Suite. The integration of these systems will allow ACOA to further exploit the technologies of Windows SharePoint Services (WSS), a Web-based software that will allow the Agency to provide solutions for a multitude of requirements such as Shared Directories, Project Document Repositories, Electronic Document Management, and Forms Management.</p>	

**Intranet**

Although the Agency has had an intranet site for many years, it has functioned merely as a menu to information and sub-sites. Using a new Content Management Server software designed specifically for allowing content creators and editors to manage large and quickly changing Web sites, the Agency's Communications Branch (with support from Corporate Systems) created a dynamic ever-changing site that draws the attention of all ACOA employees through interesting newsletter-type material, while at the same time maintaining its role as the gatekeeper to all ACOA information and sub-sites. This innovative site has assumed the name of the quarterly newsletter it now replaces, *Rendezvous*.

**ECBC Technical Support**

ACOA has signed a Memorandum of Understanding to provide technical support for Enterprise Cape Breton Corporation. This provides the opportunity of sharing the Agency's best practices with that corporation.

**Target:** *Human Resources*

Play a leadership role in the Agency's continuing efforts to attract, retain and develop the best possible workforce for ACOA, fully representative of the population served by the Agency.

**Result:**

*Target met.*

Recognizing that the most precious resource of an organization is its people, the Agency has conducted numerous activities in recent years aimed at creating a workplace that values differences and maximizes the potential of all employees.

The Agency's commitment to hiring employees representing the population it serves continues to show positive results. In 2004-2005, ACOA's representation of members of visible minorities, persons with disabilities and Aboriginals exceeded the Atlantic workforce availability.

ACOA strives to be a leader in creating an environment that is conducive to continuous learning. In fact, its commitment to learning and development resulted in a 9% increase in expenditures for learning activities compared with fiscal year 2003-2004. The Agency experienced an increase in language training activities related to career development; 86% of individuals who attended part-time and full-time language training in 2004-2005 did so for career aspiration purposes.

In addition to the above, an in-house review showed that 60% of ACOA's employment equity group members who were surveyed believed that the Agency is a leader in employment equity, and 67% felt that ACOA provides and promotes an environment conducive to continuous learning.

The Agency has developed an Active Classification Monitoring Program as part of the Government of Canada's plan to strengthen public sector accountability and management.

The Agency is continuing to improve access to HR information for employees and managers by leveraging technology systems and software (e.g. on-line organization charts).

The Agency reviewed the Policy structure of ACOA in 2004-2005 and made some necessary adjustments in this regard.

**Target:** *Audit and Evaluation*

Provide information as an aid to decision-making and strategic management and, ultimately, program improvement and organizational learning through fair, reliable, valid and understandable internal audits and evaluations. Information on ACOA's reviews and audits may be found on the Agency's Web site at: <http://www.acoa-apec.ca/e/library/audit.shtml>.

**Result:**

*Target met.*

Over the 2004-2005 fiscal year, audits and evaluations were completed on various programs and operations, giving the Agency the assurance needed to continue and improve services. ACOA's Audit Directorate completed audits and reviews, providing managers the assurance that their services were administered in compliance with established regulations and reports indicating weaknesses and recommendations to improve.

**Target:** *Finance and Administration*

Manage resources in a manner that balances program needs and government priorities.  
Ensure the Estimates reflect Treasury Board allocation decisions and government priorities and are tabled in Parliament in a timely manner.

**Result:**

*Target met.*

The Report on Plans and Priorities, Main Estimates and Supplementary Estimates for 2004-2005 were tabled as scheduled.

Reporting to Parliamentarians, Ministers and Treasury Board is the key to accountability and transparency. The Agency remains focussed in aligning itself to government priorities and Budget 2004 by reforming its expenditure management and reporting systems. The adoption of the new Program Activity Architecture, the implementation of the Expenditure Management Information System, and establishment of the Management Resource and Result Structure provided the basis for tabling the Agency's 2004-2005 Departmental Performance Report.

In the 2002 Speech from the Throne and in Budget 2003 and Budget 2004, the Government of Canada announced that it would renew its efforts to reallocate resources to the highest priorities and transform old spending to new purposes. Expenditure management, resource allocation and accountability include a more strategic and risk-based approach to decision-making. Interdepartmental initiatives, government themes and management issues are addressed, and results ranked in consultation with key stakeholders. Horizontal and vertical initiatives mean reallocating existing resources from lower to higher priorities. Expenditure management continues to provide ways to move effectively from low-value transactions to a higher-value strategic roles and values held by Atlantic Canadians. For example, additional funds toward Community Development addressed regional issues, and reprofiling resources to future years ensured its commitment to funding current projects having long term economic implications.

**Target:** *Modern Business Management*

Continue to implement the Modern Business Management (MBM) initiative action plan and a follow-up assessment to identify areas requiring further attention. More information may be found on ACOA's Web site at: <http://www.acoa-apeca.gc.ca/e/library/reports/mbm.shtml>.

**Result:**

*Most of the action plans for the Modern Business Management Priority Area have been completed in response to the original 2002 Capacity Assessment findings. A Capacity Review completed in 2004 identified areas requiring further improvements.*

For the past year, ACOA has been actively engaged in completing its action plans for the MBM Priority Area and ensuring the implementation of the Management Accountability Framework:

- A Corporate Planning and Performance Management Division was created in 2004-2005 to implement a corporate planning process and to work on better integrating the planning and reporting functions and ensuring the participation of Policy and Programs, Human Resources, Communications and Finance areas. ACOA's Program Activity Architecture (PAA) is key to realizing the Agency's goal of linking together all of the components and activities. This structure will improve the transparency between planned spending, actual spending and results data, thereby proving a useful tool in the budget decision-making process. The Agency's Report on Plans and Priorities and Departmental Performance Report are complementary documents that show links between the Agency's performance plans and achievements, and demonstrate ACOA's commitment to results-based management. ACOA's three strategic outcomes are supported by program activities and sub-activities, along with total planned spending on strategic outcomes and reallocation of resources to the program activities.
- ACOA is in the early stages of Integrated Risk Management (IRM) implementation at the corporate level. An IRM framework has been developed and is being integrated into the Agency's corporate planning process. The framework identifies appropriate mitigation measures for the three highest priority risks identified in the Agency's Corporate Risk Profile, which are Socio-Political, Communications, and Stakeholder Relations. All commercial clients are 'risk-rated' on a five-tier gradation system. Accounts are reviewed regularly and the level and frequency of monitoring applied is adjusted in accordance to the risk taking. At the program level, the Agency continues to do a risk and mitigation analysis for each new program proposal. Policies and procedures are then developed accordingly.
- The Agency completed a second client satisfaction survey in 2003-2004 to gauge client satisfaction for its core programs. The response rate for this paper-based survey was 43.1%. Overall, 81.8% of the clients surveyed indicated they were satisfied or very satisfied with the service they received from ACOA. The second survey also identified a number of key client priorities for service improvement, with the most important being turnaround time for project approvals. Several issues reported in the first survey saw significant improvements in ratings, reflecting various changes in processes as service improvement steps were being implemented. Such service improvement steps are being incorporated in a formal Service Improvement Plan (SIP) that will continue as a living entity, and serve as a means to continue improvement of client service. A process mapping initiative was completed for the commercial component of the Agency's Business Development Program and for the Strategic Community Investment Fund to provide a visual and detailed record of the overall delivery process.
- ACOA was again selected by Medicorp Inc. as one of the top 200 employers in the nation in 2004. In the fall of 2003, a follow-up survey to the Public Service-wide Employee Survey was conducted internally by Consulting and Audit Canada. Ninety percent of ACOA respondents stated that, in their view, ACOA was an employer of choice. In addition, a Human Resource Advisory Committee was formed to provide input and advice on all human resource issues and activities.

During Spring 2004, the Agency undertook a capacity review as a follow-up to the 2002 capacity assessment. ACOA wanted to confirm progress of the state of management practices in the context of the original modern comptrollership elements. Also, the original capacity check tool was enhanced to allow for a baseline reading of the additional Management Accountability Framework elements. The overall 2004 capacity review ranking was a 3.4 out of a possible 5.0. This is an improvement from a ranking of 3.0 in 2002. There has been progress in all elements originally measured through the 2002 capacity assessment. To address areas of

improvement, the Agency is currently developing an action plan focussing on the areas of planning, human resources, outreach, and corporate management. The focus area action plans will be designed to continue to address the sub-elements that are below 3.0. Detailed information on the Agency's capacity review can be found at: <http://www.acoa-apeca.gc.ca/e/library/reports/mbm/CapacityReview2004.pdf>.

## **ACOA's Review Services Division and Performance Measurement**

In order to better align the need for improved reporting, accountability and transparency, the Agency reorganized its Review Services division. In March 2005, Evaluation and Performance Measurement were brought under the Corporate Planning and Performance Management division. This will help to strengthen the link between program planning, monitoring and evaluation. Internal Audit is now a separate function, reporting to the Vice-President of Finance and Corporate Services.

The Policy on Internal Audit and Evaluation (Review Policy), which was updated during 2004-2005, continues to provide guidance on reporting, accountability, transparency and protecting the public interest with regard to the Agency's programs. The policy recognizes the value of the role of the Agency's evaluation and internal audit services in providing independent, objective and evidence-based information on the results of ACOA's activities. The policy also recognizes that a quality review function requires the effort of Agency managers who have responsibility for demonstrating performance and acting on performance information. ACOA's Review Policy serves as a framework for conducting audits and evaluations and protecting the public interest by focussing on process (e.g. how audits and evaluations are conducted) and reporting on results achieved using public funds. More information on the Agency's Review Policy can be found at ACOA's Web site at: <http://www.acoa-apeca.gc.ca/e/library/audit/reviewpolicy.shtml>.

The Review Committee is chaired by the ACOA President and includes senior management and an ex officio representative of the Office of the Auditor General. This committee meets every four months to monitor the progress toward scheduled completion dates of audits and evaluations in the three-year rolling Review Plan; for fiscal year 2004-2005, 80% of audits in the Review Plan were either completed or commenced, as scheduled. This included all major audits scheduled. The remaining 20% comprise three audits, of which two could not commence due to delays in expected program funding distribution; all three were transferred to the 2005-2006 Audit Plan.

All Management Action Plans, which track the implementation of audit recommendations by the client, are updated every six months and presented to the Review Committee until the time at which all recommendations are addressed.

ACOA's Program division has developed and implemented action plans addressing recommendations arising from recent audits and evaluations of the Agency's core Business Development Program.

An audit of the Community Futures Program was carried out in 2004. The audit examined the two-year period from April 1, 2002, to March 31, 2004. A draft report is expected to be tabled with ACOA officials early in 2005-2006 and will be followed by the development of an action plan. A final version of the report, including an action plan, will be released in Fall 2005.

In response to the recent evaluation of the Seed ConneXion Program for Young Entrepreneurs, which was carried out jointly by Review Services and Policy and Programs, a number of enhancements have been put in place. The program is now named the Seed Capital Program and is open to entrepreneurs of all ages. The loan limit has been raised from \$15,000 to \$20,000. Loans will still be in the form of patient capital at reasonable interest rates and security is not required. Up to \$2,000 is available to each participant for training or consulting services. ACOA is working with service delivery organizations to increase the uptake and effectiveness of the training component in recognition of the fact that business management skills are fundamental to the growth and survival of small businesses.

In response to the Auditor General's report of December 2001, ACOA has made several modifications to the non-commercial Project Summary Form, which encourage the linkages to a strategic focus as well as ensure that the evaluation takes into consideration previous history with the client. In parallel, the Agency has established a Working Group to create a framework for linking operations with planning, including linking project outputs to strategic outcomes. In 2005-2006, the Working Group will work toward implementing a process and system approach that closely integrates strategic and operational planning with programs implementation. Pilot initiatives are being planned for the fall of 2005 with the expectation that the new framework will become fully operational for 2006-2007.

As a result of a parallel study to address the Auditor General's recommendation that the Agency "develop and implement alternative methods of measuring the impact of its non-commercial projects," the Agency is working to adopt new methods to evaluating non-commercial projects.

To support the Agency's efforts to continually improve the quality of interaction, reporting, accountability and transparency between ACOA, its clients and the general public, the Agency launched ACOA Direct – a new client portal. This represents the successful completion of the initial phase of the service transformation initiative and the redesign of internal processes to meet client information needs. The Agency has also designed a new accountability modelling process that forms the base for the continual transformation and improvement of its business processes.

A list of audits and evaluations completed in 2004-2005 appears in Section IV, Table 9, Response to Parliamentary Committees, Audits and Evaluations for FY 2004-2005.

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