

Atlantic Canada Opportunities Agency



Performance Report

**For the
Period ending
March 31, 1999**

Minister of Industry

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LIST OF ACRONYMS

BDP	Business Development Program
BMP	Business Management Practices
CAS	Consulting Advisory Services
CBDC	Community Business Development Corporation
CBED	Community-Based Economic Development
CBSC	Canada Business Service Centres
CFAR	Canadian Fisheries Adjustment and Restructuring
CFI	Canadian Foundation for Innovation
CIIRDF	Canada-Israel Industrial Research and Development Foundation
CIWP	Canada Infrastructure Works Program
CSA	Canada Space Agency
ECBC	Enterprise Cape Breton Corporation
EDI	Electronic Data Interchange
IEI	Information Economy Initiative
IRB	Industrial and Regional Benefits
ISBCI	Institute of Small Business Counsellors Incorporated
RDA	Regional Development Agencies
REDA	Regional Economic Development Agreement
SBLA	Small Business Loans Act
SDS	Sustainable Development Strategy
SME	Small- and Medium-Sized Enterprises
UCS	Universal Classification Standard

EXECUTIVE SUMMARY

In 1998-99, ACOA marked its twelfth year of working in cooperation with Atlantic Canadians to increase economic development opportunities for the region. The Agency continued to work to enhance the competitiveness of small- and medium-sized enterprises (SMEs) in key economic priority areas and to develop an environment conducive to business development.

In 1998-99, the Agency employed a wide variety of programs that included both direct and indirect support to SMEs. Indirect support accounted for almost 60% of the Agency's expenditures and comprised a wide range of activities including, the provision of information and business counselling for SMEs, partnering with the provinces to develop strategic infrastructure in key sectors such as the knowledge-based economy, providing information and promotion opportunities for SMEs interested in developing export markets, and working with communities, especially those in rural areas, to develop tools to enhance sustainable economic development.

Direct support to SMEs accounted for just over 40% of the Agency's expenditures and consisted primarily of interest-free loans to businesses for start-up, expansion, or modernization. Eligible SMEs are generally in key economic development sectors such as knowledge-based industries, manufacturers, and companies preparing to export. Support to businesses has been shown to have a high benefit/cost ratio compared to other development expenditures, has generated employment, and fills a gap in gaining access to capital for Atlantic SMEs.

Businesses which have accessed ACOA programs have had a solid rate of performance. From 1989 to 1996, earned income for ACOA clients has increased by 24%, compared to 13% for Atlantic firms generally. The three to five year survival rate of new start-ups supported by ACOA is more than twice that for the average new business in Atlantic Canada. In addition, Agency programs resulted in the creation or maintenance of 14,800 jobs in 1998-99. These results illustrate some of the ways in which the Agency's work contributes to the Government's major objective of stimulating job creation and economic growth.

ACOA had three broad goals in 1998-99. First, the Agency worked to provide greater economic activity in the Atlantic Region, generating jobs and increasing earned income. To facilitate this goal, the Agency provided financial assistance to 1,017 businesses, worked in cooperation with provincial governments to support key economic development sectors,

encouraged development of knowledge-based industries, and marketed the region as a tourism destination in efforts that resulted in over \$36 million dollars of new tourism spending.

Second, the Agency sought to promote skills development and improved management practices for Atlantic small- and medium-sized enterprises. Among the Agency's accomplishments in this area were partnerships with the region's Departments of Education to offer entrepreneurship programming in public schools; loans, counselling and training to 454 young people to start or expand their businesses; and export promotion activities that have resulted in almost 100 new exporting SMEs.

Third, the Agency aimed to promote economic opportunities in rural areas through community-based economic development. This focus on meeting rural economic development needs contributes toward the government-wide priority "...to increasing opportunity for Canadians in rural communities." To meet this goal, the Agency worked in partnership with the Community Business Development Corporations. Loans by these corporations to the region's SMEs totalled \$35.6 million and resulted in the creation or maintenance of 3,000 jobs in 1998-99. To ensure the wide disbursement of information, the Agency supported the four provincial Canada Business Service Centres which dealt with 133,000 enquiries. The Agency also worked with communities affected by the decline of the fishery to create long-term, sustainable alternatives, and provided transition support to communities affected by unique circumstances such as base closures and the termination of ferry service between Borden, Prince Edward Island, and Cape Tormentine, New Brunswick.

This Performance Report is available on the Internet at www.acoa.ca.

KEY RESULTS COMMITMENTS

to provide Canadians with:	to be demonstrated by:	where to find it in 1999 ACOA Performance Report:
greater economic activity in the Atlantic region, generating jobs and increasing earned income	<ul style="list-style-type: none"> < a coordinated federal-provincial economic development approach in priority areas resulting in sustainable job growth < international and domestic research and private sector partnerships that contribute to the commercialization and diffusion of technology < employment and new business start-ups as a result of access to capital for small- and medium-sized enterprises in Atlantic Canada < access to major contracts for Atlantic firms < tourism revenues and new tourism products developed for the region 	<ul style="list-style-type: none"> < Section III - 4A, i Page 18 < Section III - 4A, ii Page 20 < Section III - 4A, iii Page 21 < Section III - 4A, v Page 23 < Section III - 4A, vi Page 23
skills development and improved management practices of Atlantic small- and medium-sized enterprises	<ul style="list-style-type: none"> < improved SME business management practices < increase in the number of new exporters and participants in export readiness training < entrepreneurship courses at each level of the school system in partnership with provincial Departments of Education < participation in programs addressing the special entrepreneurship needs of groups such as Aboriginals and youth 	<ul style="list-style-type: none"> < Section III - 4B, i Page 27 < Section III - 4B, ii Page 28 < Section III - 4B, iii Page 30 < Section III - 4B, iv, v Page 31
economic opportunities through community-based economic development with emphasis in rural areas	<ul style="list-style-type: none"> < the number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations < expanded access to government business services (financing, counselling and information) < communities' self-development and alternate employment in areas affected by the closure of the Atlantic groundfish fishery 	<ul style="list-style-type: none"> < Section III - 4C, i Page 33 < Section III - 4C, ii Page 34 < Section III - 4C, iii Page 36

SECTION I: MESSAGES

Minister's Portfolio Message

At the dawn of the new millennium, Canada, with its strong and dynamic economy, is well positioned to take a lead role in the global knowledge-based economy and to realize its benefits for all Canadians. The new global economy is fundamentally different from the one we have known for most of this century: its key building blocks are knowledge, information, innovation and technology, and it is changing at an unprecedented pace. Today, it is important for businesses and individuals to be connected to the Information Highway, but tomorrow it will be essential. Electronic communications are breaking the barriers of time and distance, and the effects are being felt everywhere in Canada, from the largest cities to remote areas where the Information Highway is the only highway.

To keep Canada in the vanguard of this global economy, the government is investing heavily in knowledge, innovation, and connectedness, in order to generate well-paying jobs and a higher standard of living for Canadians. As Minister of Industry, I am responsible for a Portfolio which brings together most of the federal departments and agencies responsible for promoting innovation through science and technology and advancing knowledge. With over 40% of federal spending on S&T, a wide range of programs to help businesses — especially small- and medium-sized businesses — in every region of the country, a world-leading electronic commerce framework, and flexible support for exporters, the Industry Portfolio represents a powerful toolkit to help Canada make the transition to the knowledge-based economy and society of the 21st century.

The trend towards globalization also poses other challenges to Canada, which has one of the most open economies in the world. The Industry Portfolio is working with partners in the public and private sectors and in academia to help Canadian companies respond and adapt to these challenges, so they can become and remain competitive in the global market. The

The Industry Portfolio is ...

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

**Not required to submit Performance Reports*

government's agenda is based on seizing the opportunities presented by the global economy to create jobs and wealth for Canadians, and the Industry Portfolio has a key role in delivering this agenda.

I am pleased to present this Performance Report for the Atlantic Canada Opportunities Agency (ACOA). This report shows the contribution that ACOA is making to the government's agenda by setting out the commitments that the Agency has made and measuring its success in meeting these commitments over the 1998-1999 fiscal year.

Among the many highlights during this period, ACOA's initiatives to link Atlantic firms with international partners for joint research and development were particularly successful. The Agency also played a significant role in fostering new domestic partnerships between the private sector and research facilities in the region, increased business opportunities for youth, and expanded international trade among Atlantic SMEs.

I am proud of the contribution the Industry Portfolio makes toward the government's priorities of building a stronger Canada, creating opportunities for Canadians, and investing in knowledge and innovation.

The Honourable John Manley, P.C., M.P.

Secretary of State's Message

The Atlantic Canada Opportunities Agency (ACOA) exists to help the people of Atlantic Canada build a stronger economy. ACOA encourages enterprise, supports business growth and bolsters the productivity of all sectors that create jobs, sustain employment and contribute to regional economic capacity.

ACOA directly provides Atlantic Canadians with crucial business development tools necessary for commercial survival and success. At the same time, the Agency invests in the economic environment of Atlantic Canada, improving the conditions on which long-term business growth depends.

This report is a review of the objectives and activities undertaken by ACOA with its partners — and the results achieved.

ACOA programming, for example, created and maintained 14,800 jobs in fiscal year 1998/99. The Agency wanted to encourage the establishment of additional private-sector investment funds. It helped create the Community Catalyst Fund, a \$2-million fund to assist rural business start-ups with equity or loans up to \$150,000; and a \$500,000 micro-loan fund administered by the Women's World Finance Association of Cape Breton and the Royal Bank of Canada. On the trade front, ACOA set a target of 80 Atlantic companies for Agency-sponsored export readiness training, but ended up helping some 300 companies.

These are only three of the many objectives met or surpassed by the Agency. Above all, the report illustrates just how extensively ACOA has worked in partnership with the provinces, community economic development organizations, the R&D community and the private sector to achieve measurable results in the strategically important areas of entrepreneurship development, trade, innovation and technology, skills development and access to capital.

This collaborative approach to regional economic development is working. The results are here to see and analyse. Can we do better? Of course. And that's my commitment to the people of Atlantic Canada—to continue to work as hard as possible to build a stronger, better economy in which all Atlantic Canadians can fully participate.

The Honourable George Baker, P.C., M.P.
Secretary of State
Atlantic Canada Opportunities Agency

SECTION II: DEPARTMENTAL OVERVIEW

1

Mandate and Mission

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

ACOA Mandate



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

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

2

Operating Environment

a) Position within the Government

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

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

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

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

ACOA's work in 1998-99 contributed to progress in many of the government-wide priorities outlined in the September, 1997 Speech from the Throne. To implement its *Jobs and Growth Agenda*, the Government prioritized work with youth, rural Canadians, SMEs, and Aboriginal communities as well as work in trade and the knowledge-based economy. This report illustrates some of the Agency's achievements in these priority areas.

b) Co-delivery Partners

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

c) Development Approach

To meet its mandate the Agency pursues two distinct activities:

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

ACOA works to enhance the competitive strength of SMEs in the region. In Atlantic Canada over 95% of newly created businesses are small- or medium-sized firms with less than 100 employees. SMEs create 58% of new jobs.

d) Strategic Directions

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

(i) Strategic Priorities:

' Policy, Advocacy and Coordination

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

' Innovation and Technology

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

' Trade, Investment and Tourism

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

' Entrepreneurship and Skills Development

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

(ii) Horizontal Priorities:

' Community Economic Development

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

' Access to Capital

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

' Adjustment

To take advantage of the established Agency network and knowledge to undertake initiatives for the federal government to mitigate impacts of economic downturns (e.g., base closures, groundfish closure).

e) **Programs**

ACOA links its strategic directions to its clients through the following major programs:

Business Development Program (BDP):

- < assistance to SMEs to establish, expand or modernize;
- < interest free, unsecured loans.

Consulting Advisory Services (CAS):

- < provision to business clients of immediate access to consulting expertise to pursue business opportunities or solve problems.

Canada Business Service Centres (CBSCs):

- < provision of business-related services and information products to SMEs and aspiring entrepreneurs;
- < a 1-800 telephone service, Internet communications, fax, and walk-in services.

Community Futures Program:

- < autonomous, not for profit Community Business Development Corporations (CBDCs) are supported by ACOA to help entrepreneurs in rural areas to access the information, advice and capital required to succeed.

COOPERATION Program:

- < comprehensive, federal-provincial, cost-shared agreements;
- < strategic investment benefiting an industry, a sector, a community, and/or a province.

Adjustment Initiatives:

- < Assistance to communities in developing alternative employment opportunities in response to the downturn in the Atlantic groundfish industry;
- < Base closure adjustment activities, generating economic diversification and new employment opportunities;
- < Borden-Cape Tormentine redevelopment programs, generating new employment opportunities during the transition from ferry service to the new fixed link between New Brunswick and Prince Edward Island.

3

Departmental Organization

Activity Structure

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

Development:

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

Corporate Administration:

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

Organization Structure

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

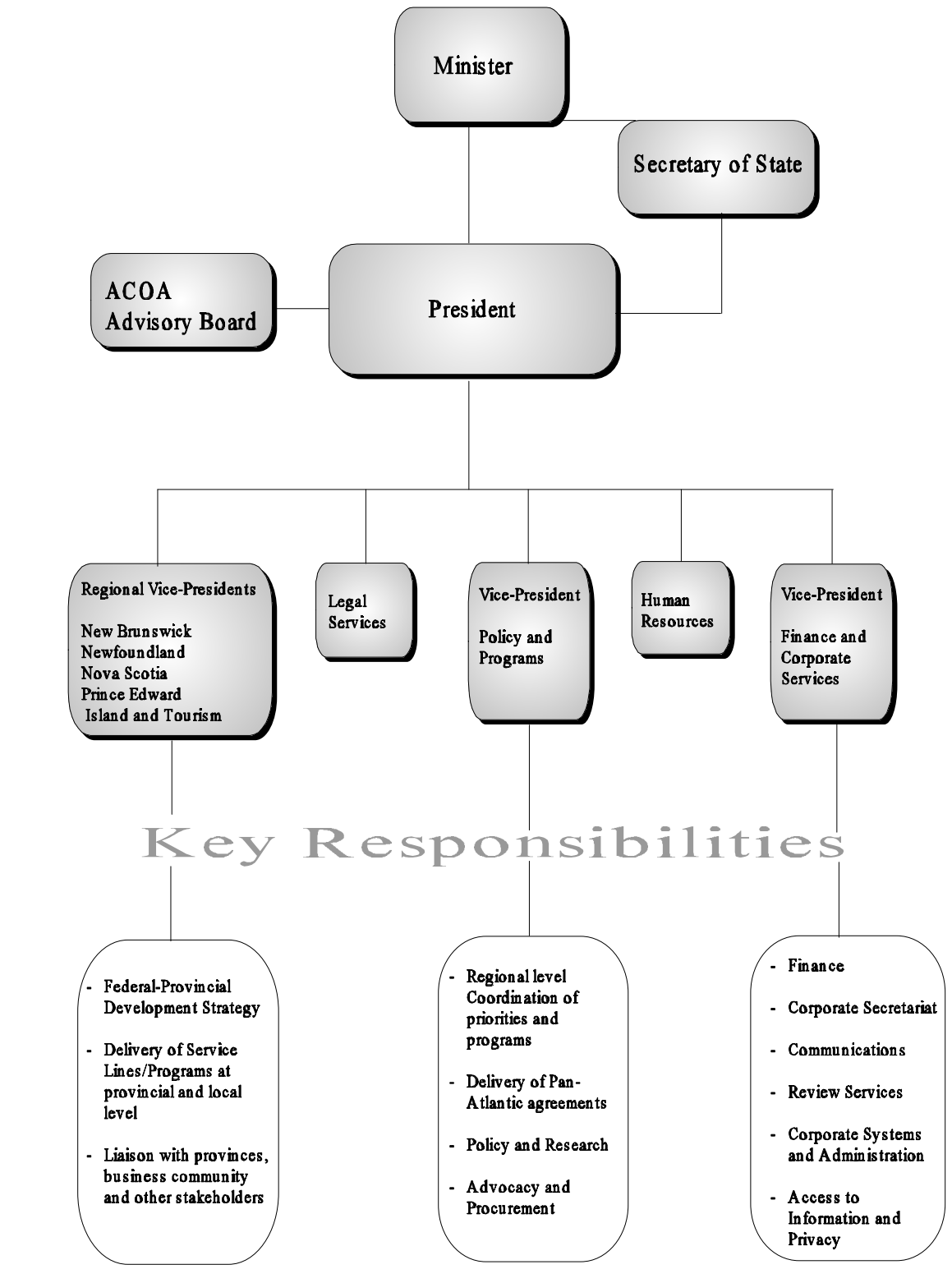
In each capital of the Atlantic provinces, regional Vice-Presidents are responsible for the delivery of ACOA programs. In Sydney, Nova Scotia, the Vice-President of Enterprise Cape Breton Corporation (ECBC) is responsible for delivering most of ACOA's programs in Cape Breton. Each Vice-President is equipped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

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

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

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

Figure 1: Relationship of Organization to Business Lines



SECTION III - DEPARTMENTAL PERFORMANCE

1

Summary of Performance Expectations

to provide Canadians with:	to be demonstrated by:
<p>greater economic activity in the Atlantic region, generating jobs and increasing earned income</p>	<ul style="list-style-type: none"> < a coordinated federal-provincial economic development approach in priority areas resulting in sustainable job growth < international and domestic research and private sector partnerships that contribute to the commercialization and diffusion of technology < employment and new business start-ups as a result of access to capital for small- and medium-sized enterprises in Atlantic Canada < access to major contracts for Atlantic firms < tourism revenues and new tourism products developed for the region
<p>skills development and improved management practices in Atlantic small- and medium-sized enterprises</p>	<ul style="list-style-type: none"> < improved SME business management practices < the number of new exporters and participants in export readiness training < entrepreneurship courses at each level of the school system in partnership with provincial departments of education < participation in programs addressing the special entrepreneurship needs of groups such as Aboriginals and youth
<p>economic opportunities through community-based economic development with emphasis in rural areas</p>	<ul style="list-style-type: none"> < the number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations < expanded access to government business services (financing, counselling and information) < communities' self-development and alternate employment in areas affected by the closure of the Atlantic groundfish fishery

2

Financial Information

Atlantic Canada Opportunities Agency, 1998-99

(millions of dollars)

	Development <u>Business Line</u>	Corporate Admin. Total <u>Business Line</u>	<u>Agency</u>
Planned Spending	309.5	11.2	320.7
<i>Total Authorities</i>	349.1	12.9	362.0
1998-99 Actuals	348.1	12.6	360.7

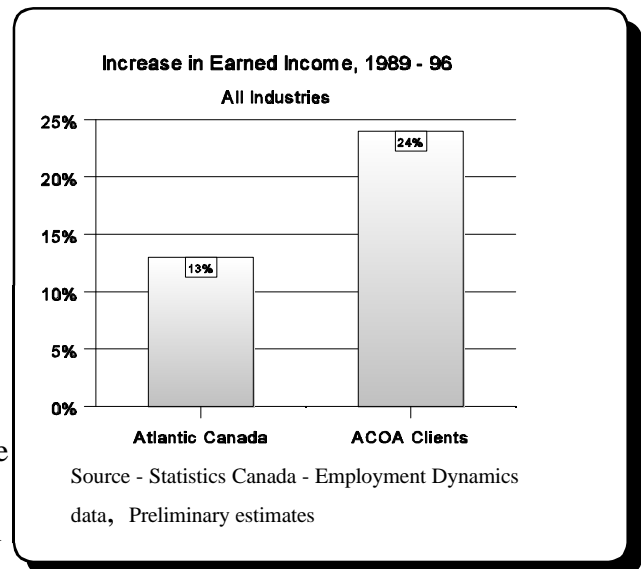
3

Departmental Accomplishments in Economic Development

While ACOA's capacity to bring about substantial improvement in the region's economic performance is constrained by a relatively small budget (accounting for less than 1% of the region's GDP) and ongoing regional economic challenges, progress as measured by the performance of Agency clients is promising. Improved performance by ACOA clients in measures such as job creation and earned income gains can only impact positively on regional, and therefore national, economic performance.

Impact on Earned Income

Based on Statistics Canada Employment Dynamics data, between 1989 and 1996 (the most recent data available) for all sectors, the payroll for all industries increased by 13% in the Atlantic economy, compared to an increase of 24% for ACOA clients. Furthermore, based on a Statistics Canada survey of ACOA



commercial clients, only 5% of the businesses would have proceeded with their planned investment without ACOA support¹

Overall Employment Impact for 1998-1999

For 1998-99, ACOA programming is expected to create or maintain 14,800 jobs. It is important to note several features of this estimate. First, only jobs associated with incremental projects are included.² Second, the figure includes indirect and induced employment resulting from the spending of assisted companies and their employees. These impacts have been estimated using the Conference Board of Canada's model of the Atlantic economy.

4

Accomplishments by Business Line

ACOA divides its activities into two business lines. The Development Business Line comprises the majority of the Agency's work while the Corporate Administration Business Line represents only 3.5% of the Agency's yearly budget.

Performance in the Development Business Line

ACOA's accomplishments for the development business line are grouped according to the Agency's three key commitments in *Managing for Results, 1998*, the President of the Treasury Board's Annual Report to Parliament. These are to provide Canadians with:

- A. greater economic activity in the Atlantic Region, generating jobs and increasing earned income;
- B. skills development and improved management practices in Atlantic small- and medium-sized enterprises; and,

¹Statistics Canada - Survey of Small- and Medium-Sized Businesses in Atlantic Canada, 1997.

²The Auditor General, in his report dated November 1995, Chapter 18, defines an incremental project as one which would likely "not have proceeded with the same scope, at the same time and in the same location without government assistance." Independently conducted surveys of clients by Statistics Canada, found that 95% of projects could not have proceeded as planned. A follow-up survey by ACOA of viable projects refused support revealed that 91% did not go ahead as planned. The Auditor General's 1995 comprehensive audit of ACOA determined that 81% of cases did not have sufficient means to raise the necessary funds for the proposed project. For the purposes of assessing impact, the Agency used a conservative incrementality factor of 67%, meaning that for every 100 jobs generated by assisted projects, only 67 are actually reported.

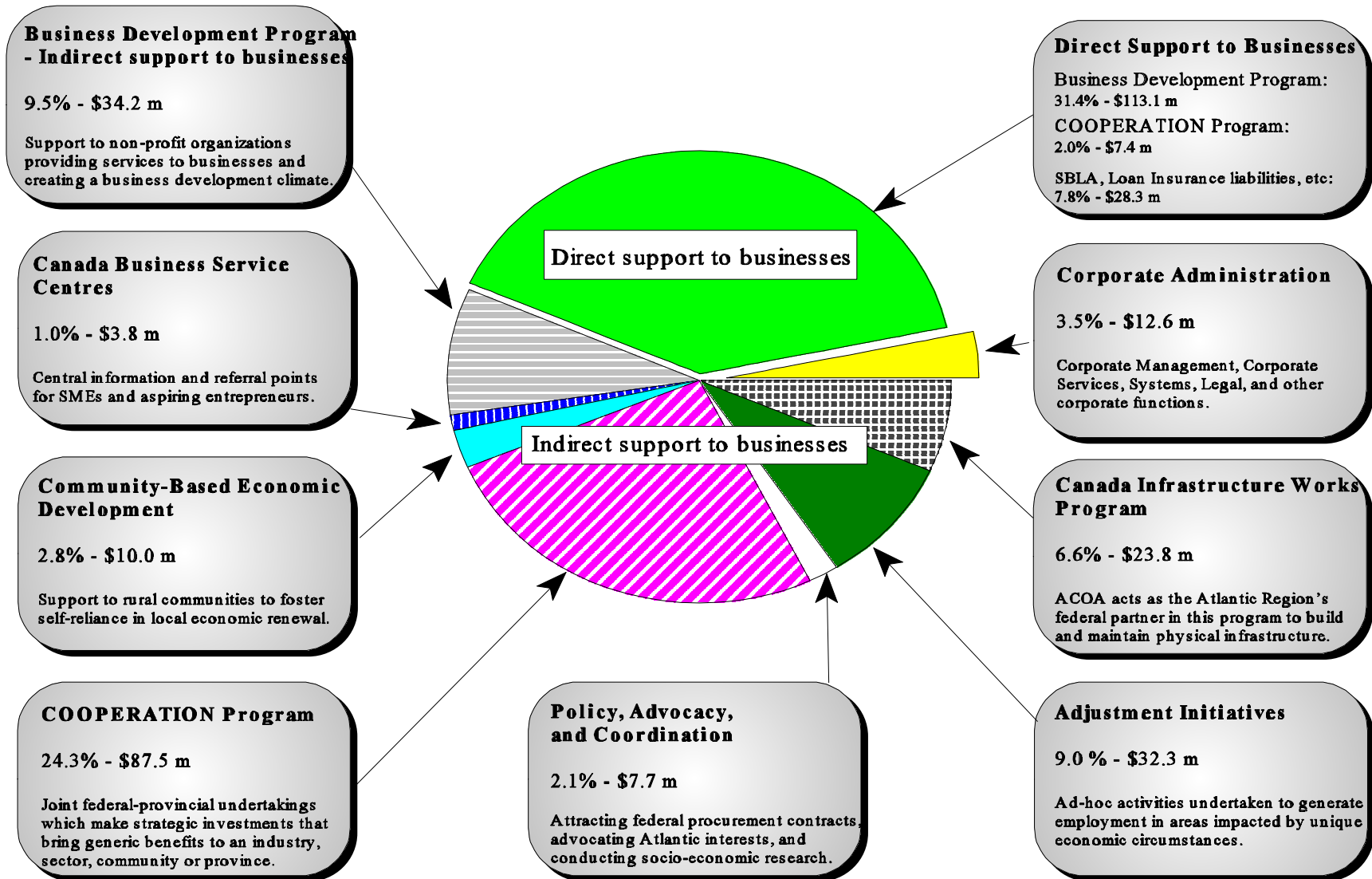
- C. economic opportunities through community-based economic development with emphasis in rural areas.

Performance information is grouped under these commitments in line with the expectations outlined in the “Summary of Key Plans, Priorities and Strategies” section of ACOA’s 1998-99 *Plans and Priorities* document.

Total spending in the Development Business Line in 1998-99 was \$348.1 million, representing 96.5% of the Agency’s budget (see Figure 2).

Figure 2: ACOA 1998-99 Expenditures

Total Agency Expenditures: \$360.7 m



4. A. Greater Economic Activity



A central ACOA commitment is to promote greater economic activity in the Atlantic region, generating opportunities for employment and increased earned income.

To facilitate greater economic activity, ACOA has prioritized a number of activities. These individual activities are pieces of a broader web of initiatives offered by ACOA, other levels of government, and non-profit community organizations which aim to enhance economic development in the region and thus create jobs.

i) Federal-Provincial Cooperation

Aim:	Expectations:	Result:
Provide funding to assist the Atlantic provinces achieve joint economic goals of sustainable job growth through <ul style="list-style-type: none"> - export development/import substitution; - entrepreneurship development; - community economic development; - strategic infrastructure; and - investment in key sectors. 	Increased jobs created and maintained. Increases in earned income. Increased sales/export sales.	Employment gains achieved. Working with provinces to develop measurement tools for remaining federal-provincial expectations.

Accomplishments:

During 1998-99, the Agency adopted a more strategic approach to federal-provincial program expenditures. The result was a more consistent match of projects with Agency priorities. Key investments were made in areas such as tourism, innovation, trade, entrepreneurship and skills development. Emphasis under federal-provincial programming continues to be directed toward indirect support to business as evidenced by 97% of direct jobs either created or maintained falling under this category versus only 3% for commercial

initiatives. In 1998-99, an estimated 4,600 jobs were created or maintained as a result of COOPERATION activity. This estimate is adjusted for incrementality, and for indirect and induced job impact.

Investments in Information Technology (IT) lay the foundation for critical infrastructure and results will be realized for many years. Some examples of IT type initiatives follow:

Nova Scotia

- < The Information Economy Initiative (IEI) is a \$35 million federal-provincial initiative, which, by leveraging other public, private and educational institution investment, could potentially result in a total investment in excess of \$60 million over the next three years.

Newfoundland

- < Operation ONLINE, established in 1997 is a \$10 million federal-provincial initiative to advance the IT sector in the province. It involves public/private partnering to identify market opportunities and working with internal and external partners to develop these business opportunities. In essence, it is a proactive approach to economic development in a targeted sector.

New Brunswick

- < A \$3 million initiative between the private sector and the federal and provincial governments has supported development of hospital-to-home technology for the tele-monitoring of newly discharged cardiac surgery patients directly from the heart centre. These patients will be monitored from home for two or three weeks after surgery, and provided fully interactive, post-surgical hospital care, using a standard telephone line. This project resulted in a public-private partnership which developed and will market this world-class high technology product.

Prince Edward Island

- < The Knowledge Economy Partnership is a joint initiative of federal, provincial and other public and private partners to encourage technological innovation and new approaches in public service, education and commercial enterprise. It will help create jobs and opportunities in the knowledge-based industries. In its first two years of operation, 40 projects valued at more than \$2 million have been initiated.

ii) Innovation and Technology - Research and Development Partnerships

<p>Aim: The development and commercialization of new products or processes, and technology diffusion.</p>	<p>Expectation: The establishment of four new international R&D partnerships and 15 new domestic research facility-private sector partnerships for new product development.</p>	<p>Result: Target exceeded for new international partnerships. Target exceeded for new domestic partnerships.</p>
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Accomplishments:

The Agency’s initiatives to link Atlantic firms with international partners for joint research and development were very successful with a total of six new partnerships formed. The Canada-Israel Industrial Research and Development Foundation (CIIRDF) initiative accounted for two of these, and initiatives such as Swedepark in Nova Scotia and the Ocean Technology Fund in Newfoundland, also contributed to the total. As an example, the Agency supported AquaHealth Inc. in Prince Edward Island to develop, in partnership with Vericore of England, DNA sequencing of fish vaccines.

A number of key research facilities and organizations supported by ACOA played a significant role in fostering domestic partnerships between the private sector and research facilities. The Telecom Applications Research Alliance (TARA), a telecommunications research facility located in Nova Scotia, is an excellent example. This organization has as its main sponsors Maritime Telegraph and Telephone, Nortel, and Cisco Systems. It also has affiliations with many of Atlantic Canada’s universities, the Canadian Centre for Marine Communications and the NRC Institute for Information Technology. In addition, there are 42 local, national and international private sector members, many of which are SMEs. This organization alone accounted for 9 new R&D partnerships with SMEs. Based on key organizations that were tracked, including TARA, a total of 27 new R&D partnerships were formed between Atlantic SMEs and research facilities. This exceeded the expected result of 15.

iii) Access to Capital for SMEs

Aim:	Expectation:	Result:
Greater access to capital for 3,000 small- and medium-sized enterprises (SMEs) over three years through the Business Development Program (BDP).	The Agency expected to assist 1,000 SMEs in 1998-99 and to create jobs as a result.	Target achieved.
Encourage formation of additional private sector investment funds.	At least two (2) more funds operating in region.	Target achieved.

Accomplishments:

1,017 SMEs received assistance under the Business Development Program for a total of \$146 million in authorized assistance. It is expected that this direct support to SMEs will result in 5,500 jobs created (76%) or maintained (24%). This estimate is adjusted for incrementality, and for indirect and induced job impact.

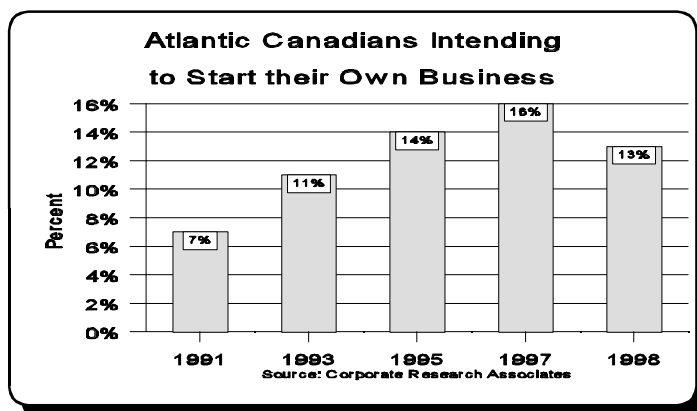
ACOA assisted in the establishment of the Community Catalyst Fund (CCF), a \$2 million fund to assist rural business start-ups with equity or loans up to \$150,000. CCF is sponsored equally by ACOA and the Regional Cooperative Development Centre. ACOA also assisted the Women’s World Finance Association of Cape Breton and the Royal Bank of Canada in establishing a \$500,000 micro loan fund, which is focussed on supporting women entrepreneurs throughout Atlantic Canada.

iv) Entrepreneurship and Skills Development - Intent to Start a Business

Aim:	Expectation:	Result:
Build the entrepreneurial culture through the promotion of entrepreneurship and small business.	Achieve an “intent to start a business” index of 18% by the year 2000.	The long-term trend remains positive with the intent index almost doubling since 1991 to 13% as of November 1998. The attainability of the 18% goal remains to be seen with further tracking required to determine if a decline from 16% in 1997 only represents a short term fluctuation.

Accomplishments:

The intent index has demonstrated an overall upward trend since 1991 when it showed that 7% of the region's population planned to create a venture. As can be expected, the index fluctuates from time to time. While it is impossible to isolate the exact causes of such variances, ACOA's objective will be to continue to ensure as many Atlantic Canadians as possible are exposed to entrepreneurial role models and receive the encouragement needed to consider starting their own businesses.



While a measure of entrepreneurial intent among the general population is a useful indicator, ACOA will be supplementing that index with specific research focussed on those segments of the population (such as youth) where we have targeted our promotion and awareness activities in recent years. For example, Angus Reid research conducted this year on behalf of ACOA indicates that 64% of young Atlantic Canadians feel they are likely to become entrepreneurs. ACOA will be doing further analysis and tracking of these indicators to determine how best to translate this intent into action.

ACOA-sponsored activities conducted to promote entrepreneurship continued in 1998-99. New versions of the television series *Leading Edge* and *Temps d'Affaires* profiled enterprises from the region. A teacher's resource, entitled *Opportunity Trails*, was published and distributed to schools, community colleges and other stakeholders. ACOA co-sponsored a career fair kiosk called *You Corps* focussed on helping young people understand how they can create their own job by starting a venture. An information guide for business planning and start-up for aspiring young entrepreneurs was developed and made available to all young people contacting the Canada Business Service Centres in Atlantic Canada.

v) **Procurement**

Aim:	Expectation:	Result:
Access to major contracts for regional companies.	Expanded economic activity created by increasing Atlantic region participation on major federal contracts.	Over \$183 million in Industrial and Regional Benefits (IRB) commitments were obtained as a result of ACOA's intervention on major federal projects.

Accomplishments:

The IRB commitments obtained under the Search and Rescue Helicopter project that were reported in 1997-98 can now be seen in Gander, with the near completion of a state of the art composites facility. Work crews are already in the U.K. receiving composites training from GKN Westland. Production is to be started in the fall of 1999.

vi) **Tourism**

Aim:	Expectation:	Results:
The expansion and growth of the tourism industry in Atlantic Canada.	Increased tourism revenues, a return on investment of \$10 per dollar of marketing campaign investment, and an economic impact of \$26 million from the 1998 campaign.	Target not achieved for return on investment. Target exceeded for economic impact.

Accomplishments:

The Atlantic Canada Marketing Initiative is a yearly project which combines federal, provincial and private sector contributions which are used to promote the entire Atlantic region as a tourism destination in targeted markets.

To build sustainability in the tourism sector, the 1998 campaign aimed to build on seven markets in the United States with good air connections to the region which were identified in 1997. Marketing efforts in 1998 yielded a \$9.00 return on investment with \$36.2 million in direct economic returns for the region. 1998's return on investment was 60% higher than

that recorded in 1997. Correspondingly, 1998's economic impact of \$36.2 million was 126% higher than that recorded in 1997.

vii) Policy, Advocacy and Coordination

a) Advocacy:

<p>Aim: Factor interests, concerns, and priorities of Atlantic Canada into federal policy and programming decisions that could impact on economic opportunity in the region.</p>	<p>Expectation: Better alignment between national programming and regional development circumstances and enhanced linkages with other federal departments and central agencies.</p>	<p>Result: Advocacy interventions have produced changes in national policy protocols, for example the Canadian Job Strategy Memorandum of Understanding.</p>
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Accomplishments:

ACOA has consistently brought forward Atlantic Canadian concerns and issues and identified opportunities within federal interdepartmental and Industry Portfolio policy and program design processes.

ACOA advocacy interventions on the Canada Jobs Fund resulted in a Memorandum of Understanding (MOU) with HRDC, the other regional agencies, IC and DIAND for coordinating federal due diligence on project proposals. Other areas where ACOA has provided policy and programming input include the rural agenda, the portfolio's Aboriginal Business Development Initiative, shipbuilding, closing of the Atlantic Fisheries, the Canadian Biotechnology Strategy, the Federal Aquaculture Development Strategy, and the new space plan, where ACOA's interventions have resulted in a better understanding of the region's strengths and challenges among decision makers. ACOA has worked with the region's universities to help them take maximum advantage of support from the Canadian Foundation for Innovation.

ACOA continued its advocacy role for the region in national trade policy development and worked closely with Team Canada partners in the design and delivery of trade programs and activities. The Agency participated in a Team Canada working group which developed national standards and action plans for the delivery of Export Skills Development and Export Counselling.

b) Policy:

Accomplishments:

The objective of ACOA's economic policy and research agenda is to provide the foundation for advocacy and coordination activities and a sound basis for the Agency's strategic priorities and programs.

Over the past three years, the core theme of the policy research agenda has been the competitiveness of Atlantic Canada's economy, beginning with an extensive effort to benchmark the region's competitiveness based on international standards and current economic thinking. During the reporting period, this focus was further developed through closer examination of specific aspects and determinants of productivity and economic competitiveness crucial to the region's development. The research agenda featured closer examination of sectoral areas of strength and opportunity, such as the natural gas and wood products sectors, as well as issues related to the knowledge-based economy. Based on the findings of the 1998 KPMG study of business investment location cost factors in the G-7 nations, a new report was prepared which focussed on Atlantic Canada's competitive advantages, notably in knowledge-based industries.

The Agency engaged in a partnership with the Policy Research Secretariat, the Atlantic Provinces Economic Council, Human Resources Development Canada and Industry Canada to organize and host a national policy research conference focussing on skills development in the knowledge-based economy.

c) Coordination:

Accomplishments:

The provincial Federal Councils (provincial committees of senior federal officials) are chaired by ACOA. In several cases, policy committees of Federal Councils have been formed to concentrate efforts on government priorities, such as science and technology, and community capacity building.

ACOA, Agriculture and Agri-Food Canada (AAFC) and the National Research Council entered into a partnership to support a technology commercialization initiative to increase collaboration between the four Atlantic AAFC research centres and the private sector. This initiative will serve as a pilot for possible future expansion to include other research facilities.

The Agency coordinated the Team Atlantic trade mission to New England, an initiative of the conference of Atlantic Premiers involving ACOA, the Department of Foreign Affairs and International Trade, and Industry Canada. Of the 40 companies participating, 28% made immediate sales estimated at \$2.2 million and fully 90% generated leads for future business opportunities.

ACOA formed and chaired a working group of federal departments to review a bid from the Port of Halifax to secure Maersk/Sea-Land interest in Halifax as its main northeast port. This work was done to enable the federal government to respond effectively in the event of a successful bid. Unfortunately, the bid from Halifax did not succeed but it did consolidate Halifax's position as a world-class port.

As part of the Sommet de la Francophonie in Moncton, ACOA played a coordinating role for Franco Com '99, which was a partnership of several federal departments, the provincial governments and the private sector. Over 225 delegates attended this international trade show including over 80 Atlantic companies and almost 70 companies from Francophone countries. Some 80% of delegates indicated a potential for trade in new markets and almost 30% (17 companies) reached a preliminary agreement with business partners.

ACOA, on behalf of the Canadian government, coordinates Canada's participation in the Franco-Canadian Joint Cooperation Commission (JCC). The JCC promotes cooperation between the Atlantic Provinces and Saint Pierre and Miquelon. Initiatives are underway in such areas as scientific and technical cooperation in aquaculture, promotion of the regional tourism product and partnerships between institutions providing language training.

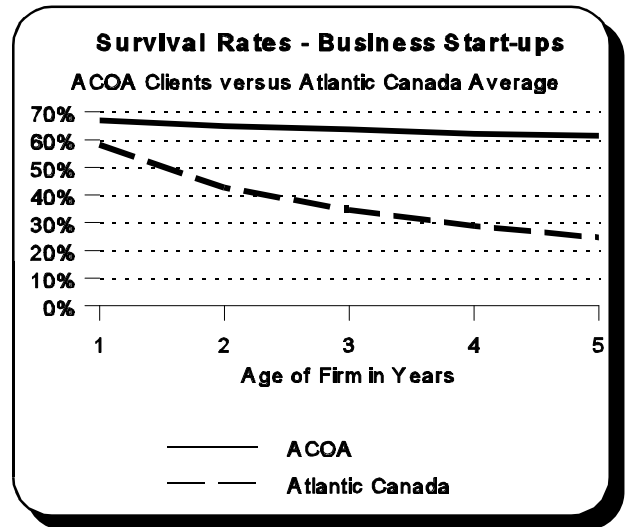
4. B. Skills and Management Training for SMEs



ACOA's second central commitment is to enhance skills development and improve the management practices of Atlantic small- and medium-sized enterprises.

Effective information and skills development is widely recognized as crucial to enhance competitiveness. ACOA has a wide variety of programs and services to meet the information and skills development needs of SME owners, managers, employees and prospective entrepreneurs.

One of the indicators of the effectiveness of this programming is business survival rates. The survival rates of ACOA clients aged three to five years is over twice that of firms in Atlantic Canada generally.



i) Entrepreneurship and Skills Development - Improve Management Practices

Aim:	Expectation:	Result:
Increased awareness and use of improved business management practices.	Increased implementation or re-engineering of management processes.	Progress was as expected.

Accomplishments:

The Atlantic Business Management Practices (BMP) partnership network has been completed with each region having established effective alliances with their Provincial counterparts to address BMP issues and initiatives. This network has resulted in an increased focus on the BMP needs of SMEs in Atlantic Canada and promoted a coordinated effort to address these needs. This is demonstrated by projects such as the creation of an on-line business resource centre in New Brunswick, the management and business skills development training initiative in Nova Scotia, and the Project Engineering Centre at Memorial University in Newfoundland.

The Agency has partnered with The Atlantic Provinces Economic Council to complete a core competency study of Atlantic SMEs to define the management skills required to operate a successful enterprise. The identification of these essential management skills will allow the Agency to undertake further research to set the baseline for utilization of these skill sets, ultimately leading to the identification of gaps, and the tracking of future increases in usage.

The partnership with the Training Group of New Brunswick has culminated with the successful completion of an on-line database of training providers in Atlantic Canada, as well as an on-line self help diagnostic tool that coaches SMEs in evaluating their training needs and the quality and applicability of the training available.

Through the BDP Program the Agency continues to assist firms in Atlantic Canada to re-engineer their management practices and processes. During 1998-99, ACOA supported 17 firms to undertake human resource development and improvements in productivity, and/or quality at a cost of approximately \$1.5 million, creating or maintaining approximately 400 jobs. In New Brunswick, 16 sessions in various areas of business management were offered with 165 business persons participating.

ii) Trade - Enabling SMEs to Export

Aim:	Expectation:	Result:
Identifying potential exporters and the provision of the training and mentoring required to export.	An annual goal of 80 potential exporters having completed export-readiness training, contributing to an overall goal of 400 by the year 2000.	Target exceeded as 300 companies attended Agency-sponsored export readiness training. The goal of 400 trained potential exporters by year 2000 will be surpassed.

Aim:	Expectation:	Result:
Providing financial and advisory support to export-ready firms to assist them to establish first-time export sales.	An annual goal of 80 SMEs as successful first-time entrants into the international market, contributing to an overall goal of 300 by the year 2000.	Target exceeded - 97 SMEs successfully entered the export market.
Engaging companies to form networks and launch IBD trade activities in key markets.	An annual goal of 40 existing exporters diversifying their international markets, contributing to an overall goal of 150 by the year 2000.	Target achieved as 48 companies from Atlantic Canada diversified their international markets.

Accomplishments:

Approximately 300 companies participated in Agency-sponsored export readiness training, significantly exceeding the target and bringing the total to date to 398. Companies were equipped with essential export marketing skills, having completed exporter-preparedness training under ACOA Nova Scotia's Trade Outreach training, ACOA New Brunswick's Export Awareness Sessions and the Agency-sponsored NexPro program delivered by the Business Development Bank. The three-year overall goal of 400 trained potential exporters by the year 2000 will be exceeded.

There were 97 SMEs who successfully entered the international market as first-time entrants in 1998-99 with a cumulative total to date of 187 new exporters. Furthermore, a total of 32 companies received one-on-one trade counselling with regard to the development of their export marketing strategy. Of the Business Development Program clients achieving first-time exports, 90% ranked ACOA financial support as having had a significant impact on their success.³

Agency funding was provided for the establishment and/or expansion of 7 export networks and consortia during 1998-99, as well as the organization of a Team Atlantic mission to the New England states which included 40 companies.

³ACOA, A Review of First Time Exporters supported by the Business Development Program, September, 1999.

iii) Entrepreneurship and Skills Development - Education and Orientation

Aim:	Expectation:	Result:
In cooperation with provincial governments, course offerings in entrepreneurship at each level of the school system.	The majority of students from kindergarten to Grade 12 and in the community college system to have the opportunity to be exposed to entrepreneurship within the next five years. (This expectation has changed slightly since the 1998-99 Plans and Priorities.)	Progress in line with five-year target. 110,000 public school students were exposed to enterprise or entrepreneurship curriculum in 1998, up from 60,000 in 1996.

Accomplishments:

In the early 1990s, the elements of entrepreneurship and enterprise education began to emerge as distinct units, modules or courses in the curricula. However, at the end of the 1995-96 school year, these elements were reaching only 15% of students in Atlantic Canada.

In 1998, new baseline research showed that this percentage had risen significantly to 27% of students, which represents over 110,000 young people out of a public school student population of 414,602. This increase coincides with the introduction of new departments of Education/ACOA-sponsored entrepreneurial resource material in schools and implementation of related teacher training.

In Newfoundland, a pilot project entitled *Regional Economic Development in Schools* was undertaken in 9 test sites during the 1998-99 school year. The focus was on developing learning modules which make youth aware of career, business and overall economic opportunities and challenges in their own economic zone, as outlined in the strategic economic plan of that particular zone.

In Nova Scotia, innovative summer and March break entrepreneurial camps for middle and senior school students were developed and launched. As well, the Centre for Entrepreneurship Education and Development expanded its network of user-friendly, youth-oriented *Open for Business Centres* from one location, Halifax, to five. All the new centres were established in rural areas. Through these centres, thousands of young Nova

Scotians, at all points of the entrepreneurial continuum, were provided assistance to further their entrepreneurial aspirations.

iv) Entrepreneurship and Skills Development - Working with Youth

Aim:	Expectation:	Result:
Financial, training and counselling programs, and role models and mentors for young entrepreneurs.	750 new businesses and ensuing jobs for young entrepreneurs over the period 1997-2000.	Progress ahead of three-year target.

Accomplishments:

In 1998-99, a total of 454 businesses received loans and training from ACOA’s Young Entrepreneurs ConneXion SEED Capital Program. Of the businesses, 72% (329) were new start-ups. The program has now assisted a total of 562 new businesses over 1997-98 and 1998-99, which represents 75% of its three-year goal.

An independent review of the program found that it was making a difference in the rate at which young people are starting and growing businesses. Only 14% of clients would have been able to complete their project as planned without the support of the program. The review found that the program is both incremental and complementary to other programs supported by government and the private sector, “those delivering the SEED Capital Program and officials responsible for other programs—including financial institutions—have been able to cooperate throughout Atlantic Canada to ensure that the needs of young entrepreneurs are met”⁴

v) Expanding Opportunities in Aboriginal Communities

ACOA has worked to develop partnerships between Aboriginal communities and federal and provincial governments, to increase Aboriginal access to government business services and stimulate economic development in Aboriginal communities.

⁴Collins Management Consulting Ltd., A Review of ACOA’s SEED Capital Connexion Program for Young Entrepreneurs, July, 1999

In Newfoundland, ACOA supports the Labrador Inuit Development Corporation and the Inter-departmental committee coordinating the Davis Inlet relocation project.

In New Brunswick, over 20 Aboriginal companies had the opportunity to discuss government procurement opportunities through the New Brunswick Aboriginal Suppliers Showcase. Six Aboriginal clients completed the New Brunswick Forest Ranger Training Program. The New Brunswick Aboriginal Economic Development Fund, cost shared by ACOA, the Department of Indian Affairs and Northern Development and the Province of New Brunswick, assisted four Aboriginal entrepreneurs. Entrepreneurship training was implemented in New Brunswick. Through the *Tobique Youth Cooperative Training Program*, young Aboriginals will be oriented to business and entrepreneurship.

ACOA Nova Scotia has used the tri-partite forum of ACOA, the Provincial government and the Mi'kmaq people. The Economic Development arm of this forum has developed a number of projects to support First Nation entrepreneurs and businesses. ACOA has worked with the Mi'kmaq community to improve access to training and other government initiatives.

4. C. Community-Based Economic Development



The third central commitment made by the Agency was to enhance economic opportunities through community-based economic development with emphasis in rural areas.

Overall, about 3/5 of Atlantic Canadians live in areas outside major metropolitan centers. These communities face unique economic development challenges and opportunities. Approximately 75% of ACOA expenditures are directed to these areas.

ACOA has partnered with community economic development organizations, which are often volunteer citizen committees. Self-reliance, community empowerment and sustainable job creation are the central aims of this process. The Agency links communities with external resources, assists in local organizing and strategic planning, and partners with them in the local delivery of ACOA programs.

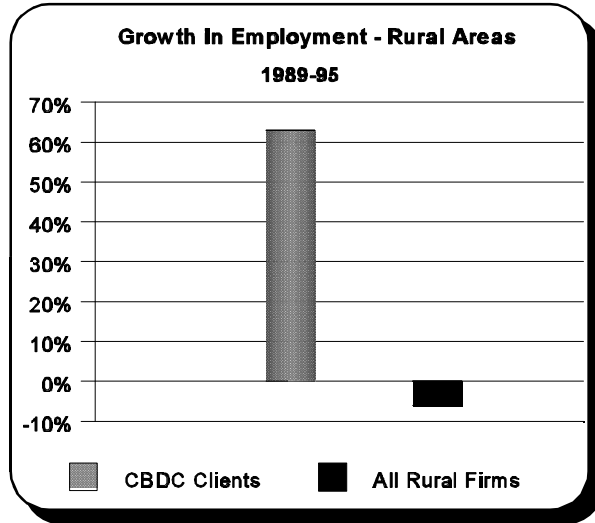
i) SMEs in Rural Areas:

Aim:	Expectation:	Result:
SME financing in rural areas through the Community Business Development Corporations (CBDCs).	3000 loans over the 3 fiscal periods 98-99 to 00-01.	Progress ahead of three-year target.

Accomplishments:

In 1998-99, the Community Business Development Corporations (CBDCs) made 1,400 loans totalling \$35.6 million to support the establishment or expansion of businesses in their communities. These loans were expected to result in the creation or maintenance of 3,000 jobs. This estimate is adjusted for incrementality and for indirect and induced job impact. With 1,500 loans from the previous year, ACOA is approaching its three-year target of 3,000.

Statistics Canada data compiled for ACOA provides further evidence on the effectiveness of the CBDCs' lending and counselling activities. Over the 1989-95 period, employment in CBDC-assisted firms grew by 63%, while employment in all rural firms declined by 6%.



Source: Statistics Canada, Community-Based Development Corporations, Business Performance Evaluation.

ii) Expanded Access to Government Business Services:

a) Canada Business Service Centres (CBSCs):

Aim:	Expectation:	Result:
Simplified and effective modes of access to government business services.	Increased access to CBSC information through Internet and network of intermediaries. 10% increase in CBSC inquiries over three years. Maintain high levels of client satisfaction.	Target exceeded for inquiries. Satisfactory progress towards other goals.

Accomplishments:

The Canada Business Service Centres in Atlantic Canada have expanded the access to their comprehensive information bases to rural communities in the region through an extensive network of approximately 105 intermediaries such as the Community Business Development Corporations and the Regional Economic Development Organizations. This access uses Internet technology to satisfy the needs of clients located in non-urban settings. During 1998-99, the Service Centres dealt with 133,000 enquiries.

The satisfaction survey completed by Corporate Research Associates confirmed that 87% of the CBSC clients were satisfied with the services and products they received. These levels of satisfaction and the relevance of the services and products are reflected in the increased volumes of enquiries (81,000 in 97/98 to 133,000 in 98/99). It is particularly important to point out that this increase has been effected with no significant complaints being lodged by the clientele through the on-going feedback mechanisms.

b) Consulting Advisory Services (CAS)

Aim:	Expectation:	Result:
Increase use of business studies and planning activities.	Increased access to Consulting Advisory Services activities by 10% over three years.	Progress in line with target.

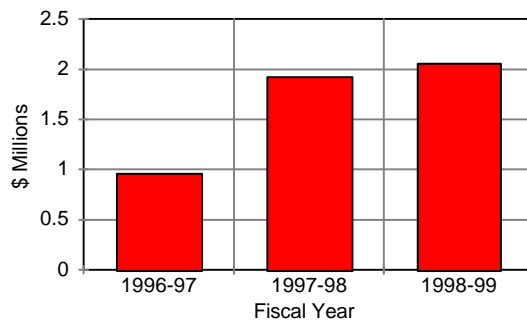
Accomplishments:

The Consulting Advisory Service (CAS) is aimed at providing clients with easy and immediate access to local consultant support. ACOA and the consultant work together to provide the client with specific expertise in a timely and efficient manner.

ACOA’s commitment to the Consulting Advisory Services (CAS) has increased dramatically over the past three years, with the increase in 1998-99 being 7% over 1997-98.

A review of CAS was conducted and included a survey of clients who have received the CAS support. The review found that, “75% are implementing the recommendations given by the consultant's study and 57% of those surveyed have seen growth in their profitability, productivity, number of employees or sales. 87% of those clients showing growth have stated this was either directly or indirectly related to the consulting advisory service they had received.”⁵

Growth in CAS Expenditures



⁵ACOA, Consulting Advisory Services Evaluation Report, July, 1999.

Other initiatives include an internship program led by Nova Scotia's *Acadia Centre for Small Business and Entrepreneurship* in which recent graduates are trained to become small business counsellors. Besides ACOA, Acadia's partners in this initiative include the chairs of entrepreneurship and the university business development centres in the other provinces.

Another project — this one fostered by *l'Assemblée des aînées et aînés francophones du Canada* — was launched in 1998-99 in Atlantic Canada. It is essentially a mentoring program designed to link experienced and retired Francophone business people with high school students in order to encourage entrepreneurship development.

In New Brunswick, a mentorship program for business people has been introduced in two locations on a pilot basis. The CBDCs and the Regional Economic Development Commissions along with the Conseil économique du Nouveau-Brunswick are the delivery agents.

iii) Communities affected by the decline in the fisheries sector

<p>Aim: Assistance in communities affected by the closure of the Atlantic groundfish fishery.</p>	<p>Expectation: It was expected that jobs would be created, that development project investments would be levered, and that long-term employment opportunities for displaced fishers and fish plant workers would be developed.</p>	<p>Result: Results are long-term. Difficult to measure in 1998-99 context.</p>
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Accomplishments:

In Newfoundland, the Agency has worked to build local capacity for economic renewal through the establishment of strong community organizations, the Regional Economic Development Boards (REDBs).

Over the past several years, 131 projects totalling \$33.4 million were funded through the TAGS-CED program of the Strategic Regional Diversification Agreement, contributing to economic wealth and industry growth opportunities. Tourism and aquaculture dominate the list, reflecting the priorities of many of the REDBs. The program has supported such projects as the advancement of Information Technology in rural areas (e.g., placement of IT workers in the zones) and the enhancement of professional management techniques (e.g.,

establishment of a goat farm cooperative in partnership with a local development group and the private sector).

Nova Scotia has conducted much of its activity through the Regional Development Agencies (RDAs). In 1998-99, Nova Scotia RDAs were involved in a variety of strategic projects, including industrial promotion and investment attraction activities, some of which were related to the Sable Offshore Energy Project, the development of local tourism marketing strategies and community tourism enhancement initiatives such as waterfront improvements. A review of the RDAs found them to be effective promoters of grass roots community economic development.⁶

iv) Rebuilding Local Economies

Aim:	Expectation:	Result:
New jobs and economic activity in communities affected by Canadian Forces Base closures, and the termination of the ferry service between Borden, Prince Edward Island and Cape Tormentine, New Brunswick.	The Agency aimed to create and maintain jobs as a result of economic development adjustment activities.	Jobs created and maintained.

Accomplishments:

The Agency has nearly completed its funding commitments for communities affected by Canadian Forces Base Closures. In Nova Scotia, the local development agencies established through ACOA support are now operating independently as part of the community economic development network in the province. In New Brunswick, the provincial government assumed responsibility for re-development initiatives at CFB Chatham and reports that 860 jobs have resulted from the initiatives undertaken.

Several significant infrastructure projects were undertaken in the Borden-Carleton area, including: Gateway Village tourism reception centre; development of an industrial mall; and a potato quality inspection centre. Gateway Village has seen several additional strictly private phases beyond the initial 1997 project. These subsequent private developments have benefited from the infrastructure incentive provided by the initial project. There is a

⁶ATI Consulting, Nova Scotia RDA Program Evaluation Report, April, 1999.

general consensus in the area that significant progress has been made to re-establish its tax and employment base.

In the area of Cape Tormentine, all except two projects under the Fixed Link Redevelopment Fund have now been completed. Significant initiatives in 1998-99 include a tourism development initiative for the Village of Port Elgin and a potato development initiative.

ACOA Newfoundland continued to provide administrative support and advice to the Argentia Management Authority (AMA) during the past year. The impasse associated with Inco building a nickel smelter/refinery in Argentia limited progress on the economic development front. Nevertheless, a land transfer from Public Works to the town allowed the AMA to establish an industrial park, which should clear the way for future business attraction. A number of business enterprises interested in setting up in the area have been holding discussions with the AMA and ACOA.

Performance in the Corporate Administration Business Line

A number of initiatives implemented in 1998-99 have resulted in improved delivery of Agency services to the public and have contributed to enhancing the Agency's accountability to Parliament and the public generally. For example:

- < The Agency's Corporate Systems division introduced a state-of-the-art, Y2K compliant, program and financial information system which will provide improved reporting and decision making, and a reduction in overhead costs.
- < The Human Resources Branch continued to support professional development in the Agency. Initiatives included: implementing the Agency's five-year Employment Equity Plan; staff development initiatives as part of *La Relève* and conversion of Agency positions to the new Universal Classification Standard (UCS) according to the schedule outlined by the Treasury Board Secretariat.
- < The Agency's Review Services Branch implemented a number of initiatives to improve program effectiveness and accountability to Parliament and the Canadian taxpayer. For example, an Agency-wide computerized system to monitor economic benefits from projects is now operational, and in the fall of 1998 the Agency's second Five-Year Report to Parliament was published.
- < In order to better inform the public on the Agency's activities and results, the Agency's Communications Branch developed a "thematic announcements approach" as a way to better emphasize ACOA's *strategic* involvement in economic development. The first theme selected was community economic development. A second campaign, on "Small Business and Technology" involved a series of very successful seminars on electronic commerce to provide information to the region's SMEs. As a means of ensuring that the public is aware of federal government services to businesses, ACOA coordinated three Info-Fairs in Charlottetown, Fredericton and Corner Brook in fiscal year 1998-99. These events attracted more than 3,000 Atlantic Canadian entrepreneurs and potential entrepreneurs including students pursuing entrepreneurship as a career alternative.

SECTION IV - CONSOLIDATED REPORTING

Year 2000 Date Issue

Agency systems are Y2K compliant. ACOA has no government-wide mission critical system and PWGSC is coordinating the Y2K review for embedded systems.

Contingency and business resumption plans have been prepared.

ACOA's Sustainable Development Strategy

ACOA's Sustainable Development Strategy has three main goals: setting an example in the environmental management of ACOA's operations; promoting sustainable communities and businesses in Atlantic Canada; and, advancing the environmental industry sector in Atlantic Canada.

ACOA has completed several staff awareness activities. "Green" policies and practices have been put in place. Baseline data on resource usage has been compiled as part of the development of an Environmental Management System to be implemented in March, 2000.

ACOA has put processes in place so the relevant projects are submitted for CEAA assessment. Training has been identified for managers and officers on eco-efficiency and Sustainable Development. Training will be conducted before March, 2000.

Advancement of the environmental industry sector is a longer-term goal which will be acted upon this year with the development of an environmental industry strategy for the Region.

Achievements in Application of Section 41 of the Official Languages Act

In 1998-99, ACOA worked actively on implementing the action plan drawn up for Section 41 of the *Official Languages Act*. ACOA took steps at both its Head Office and its regional offices to this end. For example, in preparation for the Sommet de la Francophonie in Moncton, ACOA set up, in partnership with the New Brunswick government, a coordinating committee made up of representatives from federal and provincial economic departments in the region. The committee was set up to coordinate over twenty economic activities held in conjunction with the Summit. In addition, ACOA's New Brunswick office funded four studies and approved four Summit-related projects. Other activities were also planned under the regional economic development agreement.

ACOA continued to support the economic development and growth of the Francophone communities by creating partnerships or working in close cooperation with various partners in the Atlantic region. This support was expressed namely, through the creation of, funding for and Agency participation in the Commission d'expansion économique de la Péninsule Inc.; the allocation of financial assistance through Université Sainte-Anne's Centre Jodrey, in Nova Scotia; ongoing cooperation with the Société de développement de la Baie Acadienne Inc., in Prince Edward Island; and support for various economic diversification projects in Newfoundland's Port au Port Peninsula.

SECTION V - FINANCIAL PERFORMANCE

1. Financial Performance Overview

The difference between planned spending and total authorities for 1998-99 can be principally attributed to funding received from the fiscal framework to undertake federal-provincial economic development initiatives.

Tables Required for ACOA	
Table 1: Summary of Voted Appropriations	Required
Table 2: Comparison of Total Planned Spending to Actual Spending	Required
Table 3: Historical Comparison of Total Planned Spending to Actual Spending	Required
Table 4: Crosswalk between Old Resource Allocation and New Allocation	Not Required
Table 5: Resource Requirements by Organization and Business Line	Required
Table 6: Respendable Revenues	Not Required
Table 7: Non-Respendable Revenues	Required
Table 8: Statutory Payments	Required
Table 9: Transfer Payments	Required
Table 10: Capital Spending by Business Line	Not Required
Table 11: Capital Projects by Business Line	Not Required
Table 12: Status of Major Crown Projects	Not Required
Table 13: Loans, Investment and Advances	Not Required
Table 14: Revolving Fund Financial Summaries	Not Required
Table 15: Contingent Liabilities	Required

2. Financial Summary Tables

Financial Table 1

Summary of Voted Appropriations

A. Authorities for 1998-99 - Part II of the Estimates				
Financial Requirements by Authority (millions of dollars)				
Vote	1998-99			
	Planned Spending	Total Authorities	Actual	
Atlantic Canada Opportunities Agency				
20	Operating expenditures	47.1	49.2	47.9
25	Grants and contributions	258.9	297.5	297.5
(S)	Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	8.4	10.8	10.8
(S)	Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	2	0	0
(S)	Contributions to employee benefit plans	4.3	4.5	4.5
Total Agency		320.7	362.0	360.7
Total Authorities are main estimates, supplementary estimates, and other authorities.				

Financial Table 2

Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line (millions of dollars)								
Business Lines	FTEs	Operating	Voted Grants and Contri- butions	Subtotal: Gross Voted Expendi- tures	Statutory Grants and Contri- butions	Total Gross Expendi- tures	Less: Respend- able Revenues	Total Net Expendi- tures
Development	290	40.2	258.9	299.1	10.4	309.5		309.5
<i>total authorities</i>	<i>290</i>	<i>40.8</i>	<i>297.5</i>	<i>338.3</i>	<i>10.8</i>	<i>349.1</i>		<i>349.1</i>
Actual	298	39.8	297.5	337.3	10.8	348.1		348.1
Corporate	95	11.2		11.2		11.2		11.2
<i>total authorities</i>	<i>95</i>	<i>12.9</i>		<i>12.9</i>		<i>12.9</i>		<i>12.9</i>
Actual	94	12.6		12.6		12.6		12.6
Total	385	51.4	258.9	310.3	10.4	320.7		320.7
<i>total authorities</i>	<i>385</i>	<i>53.7</i>	<i>297.5</i>	<i>351.2</i>	<i>10.8</i>	<i>362.0</i>		<i>362.0</i>
Actual	392	52.4	297.5	349.9	10.8	360.7		360.7
Other Revenues and Expenditures								
Non-respendable Revenues								40.6
<i>total authorities</i>								<i>40.6</i>
Actuals								36.4
Cost of services provided by other departments								2.8
<i>total authorities</i>								2.8
Actuals								2.8
Net Cost of the Program								282.9
<i>total authorities</i>								<i>324.2</i>
Actuals								327.1
Note:	Numbers in italics denote Total Authorities for 1998-99 (main and supplementary estimates and other authorities). Bolded numbers denote actual expenditures /revenues in 1998-99. Due to rounding, columns may not add to totals shown.							

Financial Table 3

Historical Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line (millions of dollars)					
Business Lines	Actual 1996-97	Actual 1997-98	1998-99		
			Planned Spending	Total Authorities	Actual
Development	300.8	314.6	309.5	349.1	348.1
Corporate Administration	11.0	11.3	11.2	12.9	12.6
Total	311.8	325.9	320.7	362.0	360.7

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

Financial Table 5

Resource Requirements by Organization and Business Line

Comparison of 1998-99 Planned Spending and Total Authorities to Actual Expenditures by Organization and Business Line (\$millions)			
	Business Lines		
			Corporate
Policy and Programs	23.3	0.1	23.4
(total authorities)	21.2	0.4	21.6
(Actuals)	21.2	0.4	21.6
Corporate Affairs and Tourism	3.8	0.7	4.5
(total authorities)	4.8	1.2	6.0
(Actuals)	4.8	1.2	6.0
Finance and Corporate Services	3.1	6.9	10.0
(total authorities)	6.3	5.9	12.2
(Actuals)	6.3	5.9	12.2
Legal Services	0.0	0.3	0.3
(total authorities)	0.0	0.3	0.3
(Actuals)	0.0	0.3	0.3
Human Resources	0.4	0.9	1.3
(total authorities)	0.2	1.0	1.2
(Actuals)	0.2	1.0	1.2
Regions	278.9	2.3	281.2
(total authorities)	316.6	4.1	320.7
(Actuals)	315.6	3.8	319.4
TOTALS	309.5	11.2	320.7
(total authorities)	349.1	12.9	362.0
(Actuals)	348.1	12.6	360.7
% of TOTAL	96.5%	3.5%	100%

Note: Numbers in italics denote Total Authorities for 1998-99 (main and supplementary estimates and other authorities).
Bolded numbers denote actual expenditures /revenues in 1998-99.
Due to rounding, columns may not add to totals shown.

Financial Table 7

Non-Respendable Revenues to the CRF

Non-respendable Revenues by Business Line (\$millions)					
Business Lines	Actual 1996-97	Actual 1997-98	1998-99		
			Planned Revenues	Total Authorities	Actual
Development	22.1	28.5	40.6	40.6	36.4
Total Non-respendable Revenues	22.1	28.5	40.6	40.6	36.4

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

Financial Table 8

Statutory Payments

Statutory Payments by Business Line (\$millions)					
Business Lines	Actual 1996-97	Actual 1997-98	1998-99		
			Planned Spending	Total Authorities	Actual
Development	9.1	12.3	10.4	10.8	10.8
Total Statutory Payments	9.1	12.3	10.4	10.8	10.8

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

Financial Table 9

Transfer Payments

Transfer Payments for the Development Business Line (\$millions)					
Business Lines	Actual 1996-97	Actual 1997-98	1998-99		
			Planned Spending	Total Authorities	Actual
Grants	0.4	0.7	5.0	5.0	1.0
Contributions	254.2	264.2	264.3	303.3	307.3
Total Transfer Payments	254.6	264.9	269.3	308.3	308.3

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

Financial Table 15

Contingent Liabilities

Contingent Liabilities (millions of dollars)			
List of Contingent Liabilities	Amount of Contingent Liabilities		
	March 31 1997	March 31 1998	Current as of March
Loans			
Loan guarantees	19.2	16.1	12.5
Claims and Pending and Threatened Litigation			
Litigations	10.0	4.0	10.0
Non-litigations			
Total	29.2	20.1	22.5
Total authorities are main estimates, supplementary estimates, and other authorities.			

SECTION VI - OTHER INFORMATION

1

Contacts for Further Information

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Legislation Administered by ACOA

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

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

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

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

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

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