

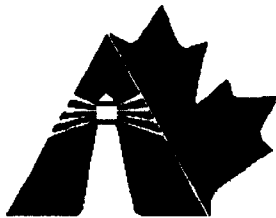
ATLANTIC CANADA OPPORTUNITIES AGENCY

FIVE-YEAR REPORT

TO

PARLIAMENT

1988-1993



FEBRUARY 1994

C89-1/4-1993E
ISBN 0-662-21450-1



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

MINISTER

MINISTRE

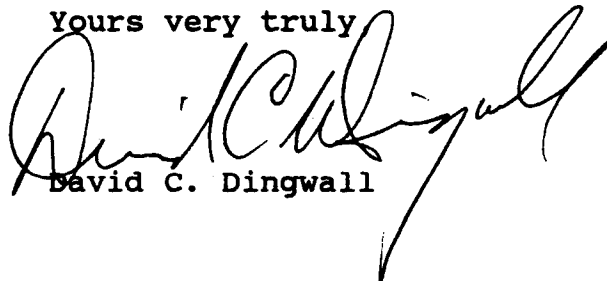
Ottawa, Ontario K1A 0A6

His Excellency
The Right Honourable Ramon John Hnatyshyn, P.C.
Governor General of Canada
Government House
Rideau Hall
1 Sussex Drive
Ottawa, Ontario
K1A 0A1

Your Excellency:

In conformance with Sub-section 21(2) of the
Atlantic Canada Opportunities Agency Act, I have the
honour to submit to your Excellency, and to the Parliament
of Canada, the first Five-Year Report on the Atlantic
Canada Opportunities Agency.

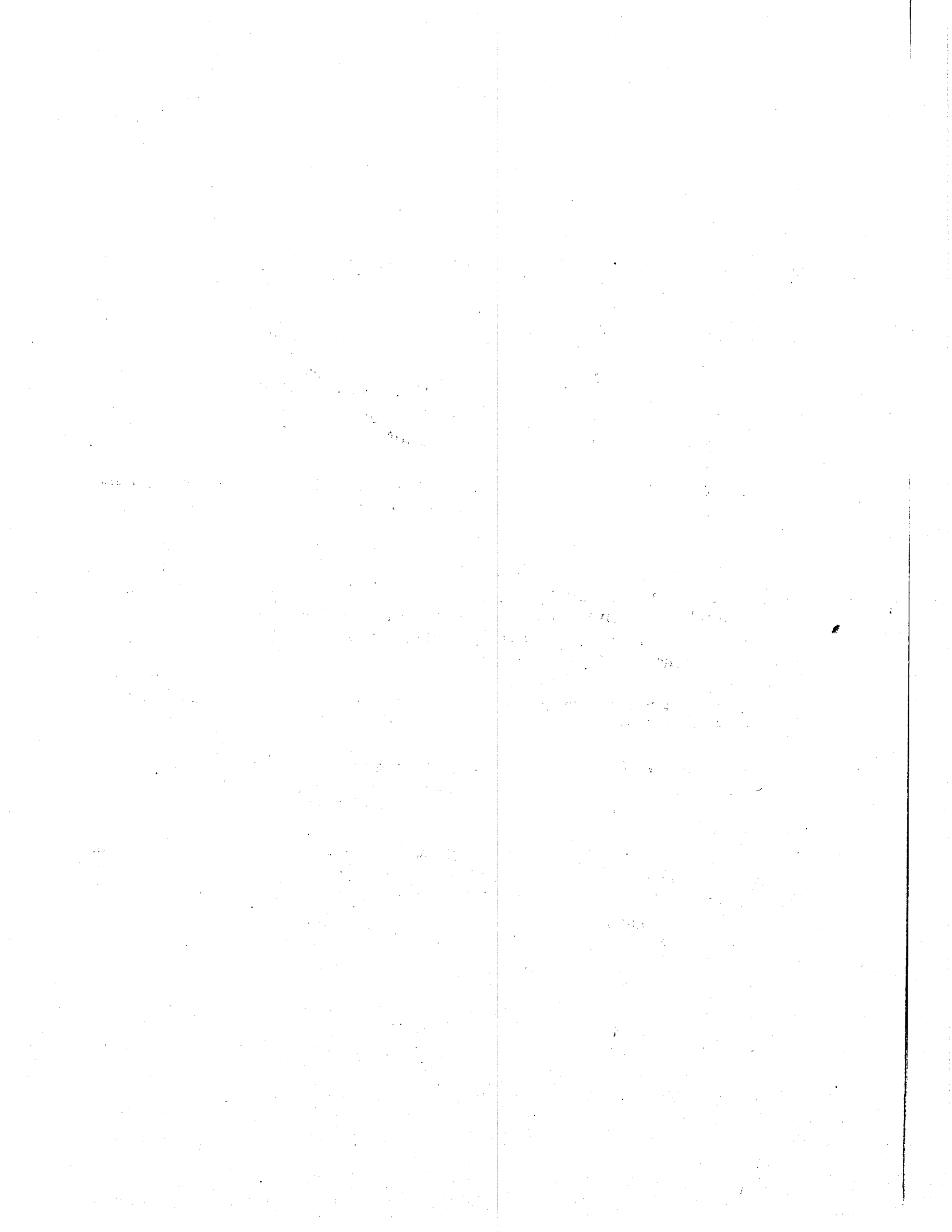
Yours very truly



David C. Dingwall

Attachment

Canada



FOREWORD

This document is about what the Atlantic Canada Opportunities Agency (ACOA) has helped Atlantic Canadians achieve since its inception in June 1987. By implementing locally developed approaches, ACOA and its partners have demonstrated that regional development programs do work. The initiatives supported by the Agency have helped to reduce regional disparity. For example, the current unemployment level in the region is 1% less than it would have been without the Agency's initiatives which have created over 40,000 jobs.

ACOA has focused on the development of small and medium-sized businesses, the most dynamic sector of the economy which accounts for 90% of job creation. Partnerships with local entrepreneurs, based on regional strengths and resources, are a major factor behind the high success rate of ACOA's business investments. Whereas 52% of new businesses in the Atlantic region fail within the first three years, over 90% of new businesses assisted by ACOA are successful.

One of the major objectives set for ACOA was to encourage the people of Atlantic Canada to accept greater responsibility for the region's development by creating a new partnership between the public and private sectors. Dynamic local communities are essential for economic development and it is particularly gratifying to see the initiative taken by the private sector. Hundreds of educational institutions, research institutes and business and community groups have come forward to partner with the Agency to improve the conditions in their community for development and provide support to small business. There are many examples of economic sectors where the private sector is taking charge of development.

The provincial governments have been very important development partners of ACOA. Working with the provinces, ACOA has had success in introducing a more coordinated approach to regional development while assisting them to implement their strategic priorities.

The efforts of the Agency have been built upon the activities of other federal departments in the region, including Agriculture and Agri-Food Canada; Canadian Heritage Canada; Environment Canada; Federal Business Development Bank; Fisheries and Oceans Canada; Foreign Affairs and International Trade Canada; Human Resources Development Canada; Industry Canada; National Research Council; Natural Resources Canada; Public Works and Government Services Canada; and Transport Canada.

Like the rest of Canada, the Atlantic region must be ready to deal with international competitiveness, global trading and the opportunities opened up by freer trade. In addition, Atlantic Canadians must deal with the reality of severe structural adjustment in certain major industries, such as the groundfish fishery where ACOA and the Department of Fisheries and Oceans are currently working very closely to develop employment alternatives for those affected by fishery closures.

In today's fiercely competitive economy, successful economic development requires joint action on a region-wide level. This is particularly true in the Atlantic region because of its relatively small population and dispersed industrial base. The provincial governments in Atlantic Canada are in the vanguard of regional cooperation efforts in areas such as the elimination of trade barriers and joint procurement. As another example, ACOA, in partnership with the provinces and the private sector, is implementing a coordinated regional approach to the development of the tourism industry.

Governments, the private sector and other partners in the economic development field, including individual Atlantic Canadians, must continue to dialogue with the people of the region. Based on their advice, governments must help create the supporting environment and infrastructure, as well as a strong private sector, based on active self-reliant entrepreneurs.

The Honourable David C. Dingwall
Minister for the Atlantic Canada Opportunities Agency



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

*De bonnes affaires ensemble
Helping People Succeed in Business*

President

Présidente

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JAN 13 1994

The Honourable David C. Dingwall, P.C., M.P.
Minister of Public Works and Government Services
and Minister for the Atlantic Canada
Opportunities Agency
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister,

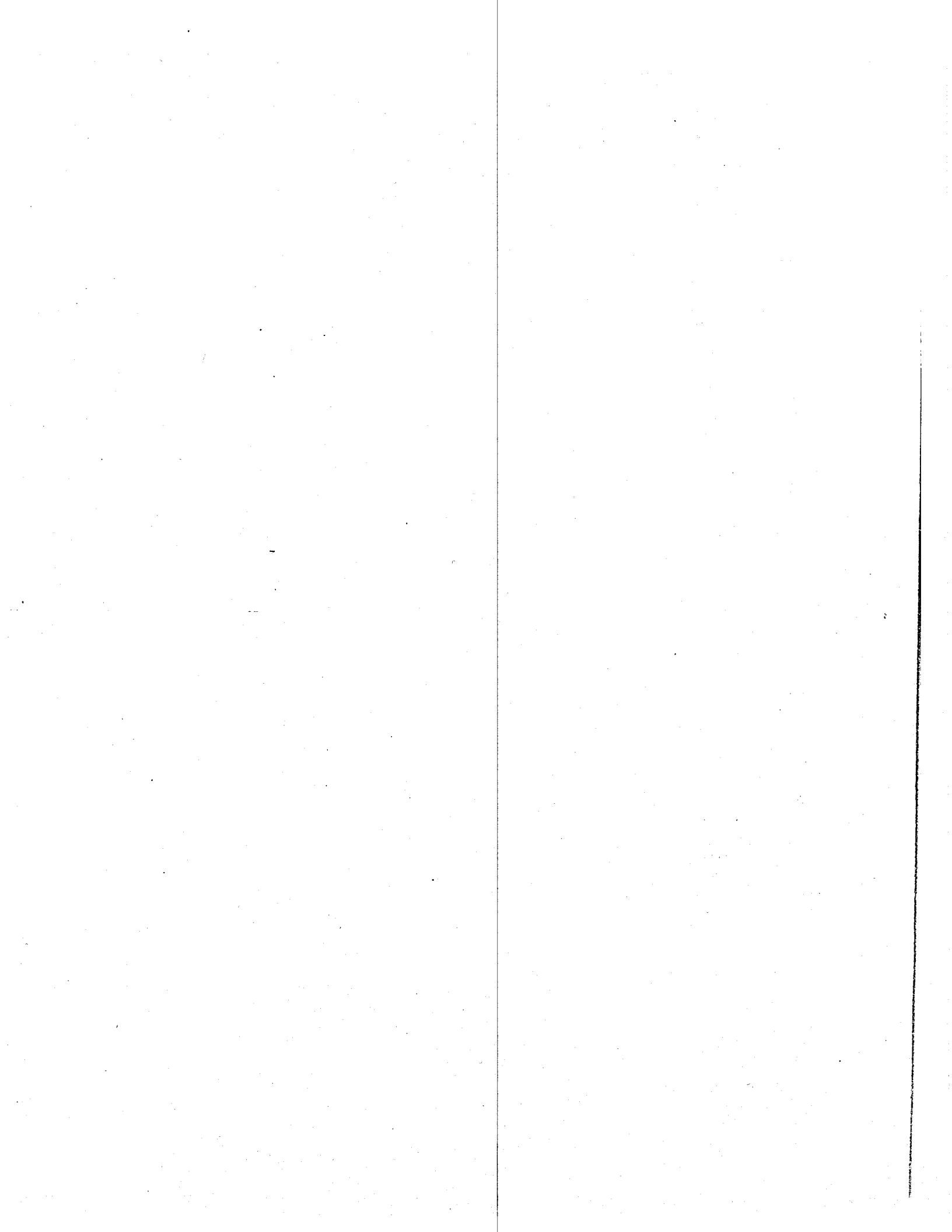
I have the honour to submit to you the first Five-Year Report on the accomplishments and impact of the Atlantic Canada Opportunities Agency (ACOA). Sub-section 21(2) of the ACOA Act requires that the Agency present a report to be tabled at each House of Parliament every five years starting in 1993.

Respectfully submitted,

Mary Gusella

Attachment

Canada



**ATLANTIC CANADA OPPORTUNITIES AGENCY
FIVE-YEAR REPORT TO PARLIAMENT**

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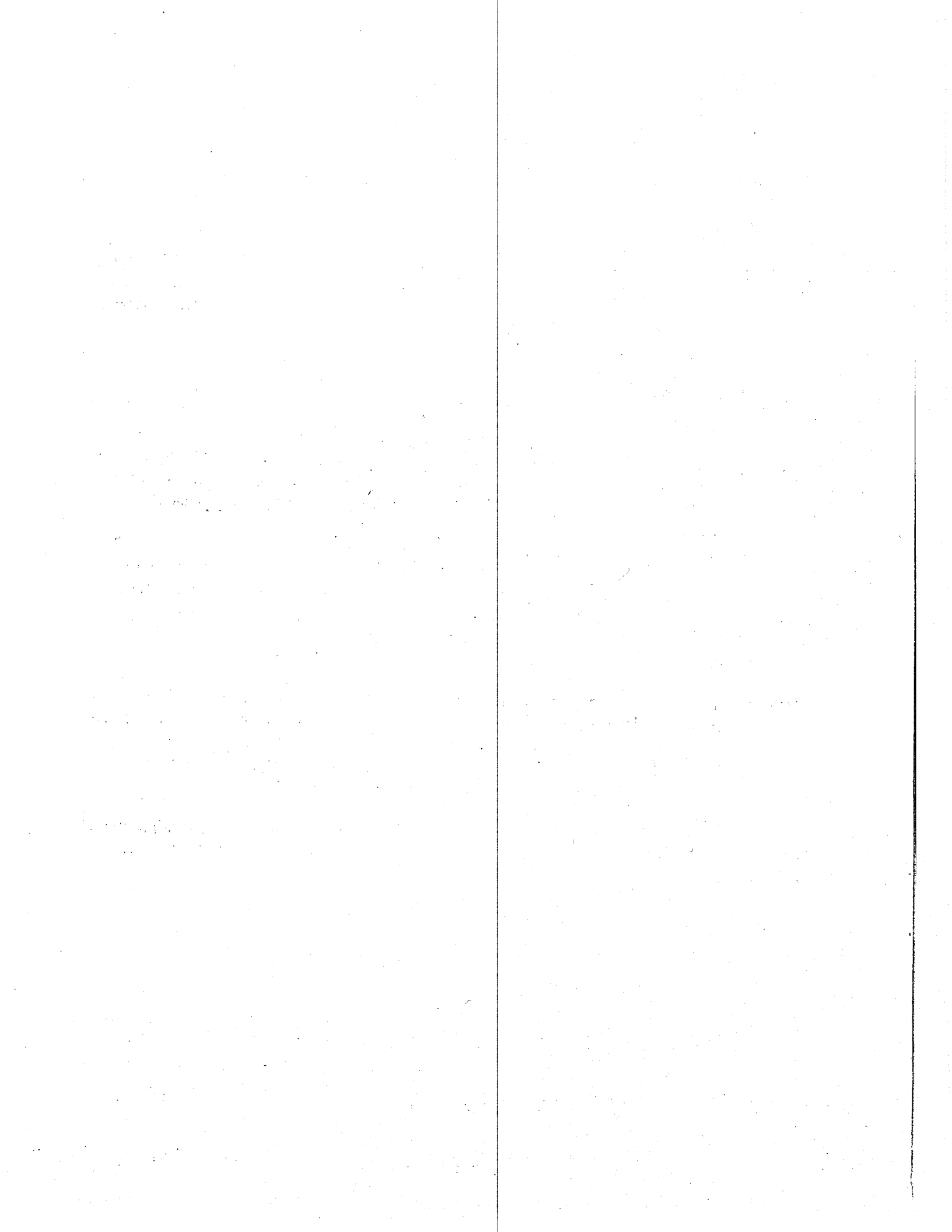
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INTRODUCTION

Purpose of the Report

This report fulfils the requirements of Sub-section 21 (2) of the *Atlantic Canada Opportunities Agency Act* which requires, in part, that every five years the Minister for the Agency present to Parliament a comprehensive report on the Agency operations. The report is to provide an evaluation of the impact of ACOA's activities. This first report covers the financial commitments, expenditures and activities of the Agency from its creation in June 1987 until the end of fiscal year 1992-93.

The Case for Regional Development

The concern of this report is that of regional development policy which concentrates on measures to accelerate growth in the regions as a means of ensuring an equitable distribution of income and employment. The objective of balanced regional development has been part of national policy since Confederation. Regional policy seeks to ensure that Canada's prosperity is shared equitably among all members of society.

The notion of equity has come to be widely accepted as meaning equality of opportunity. Equality of opportunity is enshrined in the Constitution. The *Canadian Charter of Rights and Freedoms* (Clause 36) commits the Government of Canada and the provincial governments to, inter alia, "furthering economic development to reduce disparity in opportunities for the well-being of Canadians".

Very large differences in employment and income levels exist among provinces. The Atlantic region is confronted by the most severe long-term structural problems of any region. In 1991, access to opportunities, as measured by the proportion of the working-age population employed, was only 85% of the national average in the Atlantic region, as compared to 94% in Quebec, 104% in Ontario and 105% in Western Canada.¹

This difference in equality of opportunity persists despite very high levels of out-migration of people from the Atlantic region. Thus a concern with equity has come to mean policies which better reflect the realities of provinces and regions.

¹Source: Statistics Canada Labour Force Survey.

INTRODUCTION

The Government Agenda

The Government sees strong regional economies as the building blocks of Canada. Concerted action and the mobilization of scarce resources are necessary to achieve strong regional economies in this age of international competition and change. Economic development, if it is to be successful, must be community-based because increasingly, business investment decisions depend on the conditions in the communities in which the businesses are located. The Government is prepared to work in partnership and support community development where local creativity and initiative are shown. Regional development policies need to be adapted to the needs of communities.

CHAPTER ONE

CREATION OF THE ATLANTIC CANADA OPPORTUNITIES AGENCY

On June 6, 1987, a new page was written in the history of regional development in Atlantic Canada. The creation of the Atlantic Canada Opportunities Agency, which became commonly known as ACOA, was announced in St. John's, Newfoundland. It represented an innovative approach to dealing with the Atlantic region's economic problems and trying to break the dependency cycle by getting Atlantic Canadians to actively work on finding solutions.

A little more than six years later, few Atlantic Canadians have not heard of ACOA or have not been touched directly or indirectly by the work done by the Agency. To better appreciate the full scope of the Agency's impact through the years, we need to take a brief look at the economic and policy context in which this announcement took place.

Why a Regional Agency?

The creation of ACOA represented an initiative to decentralize decision-making in the area of regional development. A fundamental re-thinking of regional strategy, based on extensive reviews of past regional development efforts, the economic circumstances and prospects of the Atlantic region and widespread consultations within the region, indicated that the regional development challenge had evolved to where a centralized approach was no longer effective.

Several important policy reviews, notably, the Report of the Federal-Provincial Task Force on Regional Development in 1987, had pointed to a number of factors critical to successful regional development:

- Given that the economic structures and circumstances of the various regions of Canada differ, support for economic development needs to be uniquely tailored to the region if it is to be effective.
- The success of regional development programming has been related to the degree of decentralization.
- The success of a program depends critically on practical and workable design at the local level; a stronger federal presence in the region could lead to improved economic development programs.

- Major national policies and programs must, as far as possible, be tailored to respond to the unique needs of the regions.

Set against these factors, the centralized approach to regional economic development under the Department of Regional Industrial Expansion (DRIE) had resulted in the principal focus of industrial incentives programs being in Ontario and Quebec. The focus on the manufacturing sector meant that they tended to be applicable primarily in those areas with an established manufacturing base.

Even more importantly, complex and lengthy eligibility and approval procedures had made the programs largely inaccessible to Atlantic small and medium-sized enterprises (SMEs), less able than larger firms to absorb the application costs.

Federal-provincial agreements, the Economic and Regional Development Agreements (ERDAs), had been an important mechanism for coordinating federal and provincial programs and improving the regional sensitivity of programming. However, in 1986, a federal moratorium was placed on new agreements primarily because the centralized approach had proven ineffective in reconciling federal priorities for economic development with the unique development needs of the regions. This was most serious in the Atlantic region, as the weaker fiscal capacity of the Atlantic provinces makes them more heavily dependent on federal transfers to fund economic development.

Finally, the economic development programming of the 1960s and 1970s focused on support for social and physical infrastructure and competitiveness improvement of the resource-based sectors. These efforts added significantly to the wealth-creating capacity of the region. However, by the mid-1980s, it was apparent that the resource sectors would account for a declining share of economic activity. The keys to success in an increasingly competitive global economy lay with small business and entrepreneurial development, improved marketing and the improvement of competitiveness through the application of technology and improvements in the skill levels of management and labour. A horizontal or comprehensive approach to the problems of business and economic development in the region would become increasingly important, based on a first-hand knowledge of regional strengths and weaknesses.

The extensive consultations undertaken within the region prior to the establishment of the Agency revealed a consensus that:

- Solid and self-sustained economic development in Atlantic Canada must come from within; a new emphasis must be placed on developing the private sector and, in particular the SMEs, because of their importance for employment creation.

- The people of Atlantic Canada should be encouraged to accept greater responsibility in the planning and implementation of measures designed to promote economic development.

However, in mid-1987, while the Canadian economy was experiencing robust growth, the Atlantic economy had still not recovered from the downturn of the early 1980s. In particular, manufacturing investment was below the levels of 1982 and the unemployment rate showed no signs of declining to the levels of the early 1980s. Confidence in the economy and in particular, business confidence, was at a very low level.

Expectations

Against this background, the announcement of the creation of ACOA on June 6, 1987, set out the following expectations:

- There is no "quick-fix" solution to the problems of the region.
- Money is only a part of the solution and what is needed is to stimulate and encourage entrepreneurship.
- The Agency needs to create a better environment for growth and development, encourage risk capital and improve competitive skills.
- What is needed is a new partnership of effort between the public and private sectors focused on support to small and medium-sized businesses.
- The region needs an improved decision-making authority: fewer forms, less red tape, quicker decisions.
- The Agency will be responsible for coordinating all federal activities relating to the economic development of the region, particularly in areas of procurement, training and skills development, job creation, technology infrastructure and local investment promotion, and advocating a regional perspective in the design and application of national policies and programs.

Consistent with the need for decentralized decision-making, the Head Office of the Agency was located in the region. An Advisory Board of private sector individuals was established to advise on program design and operations. Emphasizing the need for the people of the region to become participants in development, Atlantic Canadians were challenged with the message, "the Agency belongs to you".

The creation of ACOA, and with it the decentralized regional agency approach to economic development of the regions, also reflected an important change in the focus and expectations for regional development policy. Since the early 1960s, the focus had been based on concern with reduction in disparity between regions. The new approach is designed to assist all regions to realize their economic potential.

This change in focus was based on the recognition that it was unrealistic to expect significant reductions in disparity between regions, given that the resources devoted to regional development are relatively small, generally less than 3% of total federal economic expenditures in the Atlantic region, and given the deep-seated structural problems faced by the region, in particular. Furthermore, a focus on regional disparities was not compatible with a regional development approach which had evolved from a concern with only areas of severe underdevelopment in the early 1960s, to an approach that embodied efforts to promote economic development in all regions.

Despite the fact that some modest improvements in "closing the gap" in terms of earned income per capita had, in fact, been achieved in Atlantic Canada over the previous 25 years, the usefulness of regional development programs was commonly questioned. This expressed negative view of regional development programs must be ascribed in large part to unrealistic expectations. The new approach took a broader view of regional development as a process of building the Canadian economy by focusing on maximizing growth in all regions based on their strengths with a special emphasis on regions characterized by long-term structural weakness in their economic base. As such, the major objectives set for the Agency were to remove structural barriers to growth so that the region could begin to attain its economic potential.

CHAPTER TWO

MANDATE AND MISSION

Mandate

ACOA's mandate as spelled out in *Section 12* of its legislation is:

"... to support and promote opportunity for economic development of Atlantic Canada, with particular emphasis on small and medium-sized enterprises, through policy, program and project development and implementation and through advocacy of the interests of Atlantic Canada in national economic policy, program and project development and implementation".

To meet this objective, the Agency has been given two broad sets of powers:

1. To provide programs that contribute directly or indirectly to the development of small and medium-sized businesses, entrepreneurial talent and economic prosperity, as well as programs that improve the business environment in Atlantic Canada.
2. In concert with other concerned federal departments and agencies, to formulate plans and integrate federal approaches to support opportunity for economic development in Atlantic Canada.

Mission

Shortly after the creation of the Agency, consultations with Atlantic Canadians were undertaken on an unprecedented scale which allowed Atlantic Canadians to voice their expectations, the needs of the business community and help define how the Agency could best approach economic development of the Atlantic region. From these consultations, ACOA defined its mission as:

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

Strategic Priorities

Strategic priorities, shaped by national priorities and by annual consultations with Atlantic Canadians, have been refined through the years to reflect the Agency's mandate and the national concerns of increased productivity and competitiveness in the global marketplace. The five strategic priorities which guide ACOA's programs are:

1. **Entrepreneurship Development:** to create an environment that will lead to an increase in the pool of people who have the motivation and skills to start their own businesses and to encourage appropriate community-based support.
2. **Trade and Market Development:** to focus on strengthening marketing capabilities in regional firms in order to increase their market share and expand to new markets.
3. **Innovation and Technology Transfer:** to enhance the competitiveness of Atlantic Canadian firms and support diversification through innovation, acquisition and development of new technology.
4. **Human Resource Development:** to increase competitiveness and productivity of firms by ensuring a skilled and well-trained work force and access to skills and know-how for owners of small and medium-sized businesses.
5. **Procurement and Industrial Benefits:** to obtain long-term, high quality regional industrial benefits for Atlantic industries using public sector procurement requirements and encouraging firms to meet these requirements.

Programs and Activities - Four Main Approaches

The official announcement, and subsequently the ACOA legislation, pointed to the specific means by which the Agency would realize its mandate. From these were drawn the Agency's four main areas of activity:

1. **ACTION:** Risk-sharing with entrepreneurs. Small and medium-sized businesses can obtain direct financial assistance, loan insurance and interest buy-downs for new establishments, modernization or expansion of businesses, innovation, development of new products, human resource development, business support and feasibility, marketing and business studies.

CHAPTER TWO

2. **COOPERATION:** The primary vehicle for joint federal-provincial undertakings, the program aims to improve the environment for economic growth in Atlantic Canada with all levels of government, the private sector and institutions.
3. **COORDINATION:** The Agency assists the Minister in carrying out the legislative mandate to coordinate the economic development policies and programs of other federal departments in Atlantic Canada.
4. **ADVOCACY:** ACOA promotes Atlantic Canada's interests in the development of national policies, programs and procurement to ensure a positive impact on the region's economic future.

The two flagship programs, Action and COOPERATION, receive a lot of public attention and recognition since they touch a much wider base of clientele. They have been well promoted and, of course, financial assistance programs attract much more attention than non-financial initiatives. But the successes of these two programs did much to establish the credibility necessary for getting results under Advocacy and Coordination.

Advocacy and Coordination have a lower public profile, as they primarily involve negotiations with other federal departments or, as is the case with procurement, involve a limited number of private sector firms. All four activities are closely integrated, as the Advocacy and Coordination activities create or influence the environment in which the financial assistance programs are implemented and take advantage of the Action and COOPERATION Programs to attract other federal departments' investment in the region.

In addition to these four central responsibilities, ACOA's activity framework includes Special Programs which cover initiatives designed to address specific circumstances that regular programming cannot meet. These include the Fisheries Alternatives Program (FAP), for which ACOA was given the implementation responsibility. An important priority of the Agency has been to promote a region-wide response to issues of concern to all provinces. The Pan-Atlantic Development Activity was introduced in 1992 to emphasize the importance of a distinct funding mechanism for this priority and to provide funding for development opportunities that cover the whole Atlantic region.

Resources

ACOA is a small Agency with full-time equivalent employment of 371 persons, in fiscal year 1992-93. In 1987, ACOA was allocated \$1.05 billion in new funding over the subsequent five-year period. In addition, \$345 million was transferred from DRIE to ACOA for existing programs [Economic and Regional Development Agreement (ERDA), General Development Agreement (GDA), Industrial and Regional Development Program (IRDP), Atlantic Enterprise Program (AEP) and Cape Breton Topping-Up Assistance (CBTUA)]. In 1989, the Government extended the funding for ACOA by a further two years, added additional funds for the COOPERATION Program, and incorporated the resources for other government department ERDAs and GDAs. As of 1990, the Agency has been placed on the same footing as any other department of government with budgets established on an annual basis.

Table I provides the funding utilization for the Agency since inception. This table includes statutory payments, as well as FAP.

CHAPTER TWO

**TABLE I
ATLANTIC CANADA OPPORTUNITIES AGENCY
REGIONAL DEVELOPMENT RESOURCE UTILIZATION
1987-88 TO 1993-94
\$000'S**

ACTIVITY	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94 (1)	Total
DEVELOPMENT								
Action								
- Operating	3,255	10,552	12,598	11,964	13,307	12,979	12,100	76,755
- Transfer Payments	41,972	161,110	236,858	179,120	171,789	137,391	136,491	1,064,731
Sub-Total (2)	45,227	171,662	249,456	191,084	185,096	150,370	148,591	1,141,486
Cooperation (ACOA Delivered Only)								
- Operating	1,307	4,239	5,061	3,605	5,100	5,789	7,800	32,901
- Transfer Payments	29,622	37,462	41,641	49,295	50,553	52,773	88,094	349,440
Sub-Total	30,929	41,701	46,702	52,900	55,653	58,562	95,894	382,341
Special Programs								
- Operating				709	2,800	2,512	3,200	9,221
- Transfer Payments				440	16,883	34,712	25,138	77,173
Sub-Total				1,149	19,683	37,224	28,338	86,394
Advocacy & Coordination								
- Operating	790	2,563	3,060	2,913	2,813	2,570	3,400	18,109
Pan-Atlantic								
- Operating						14	100	114
- Transfer Payments							950	950
Sub-Total						14	1,050	1,064
Program Administration								
- Operating	1,926	6,243	7,454	7,859	8,077	7,750	7,500	46,809
Total - DEVELOPMENT								
- Operating	7,278	23,597	28,173	27,050	32,097	31,614	34,100	183,909
- Transfer Payments	71,594	198,572	278,499	228,855	239,225	224,876	250,673	1,492,294
Total	78,872	222,169	306,672	255,905	271,322	256,490	284,773	1,676,203
CORPORATE ADMINISTRATION								
- Operating	2,858	9,266	11,063	13,137	11,814	11,900	11,900	71,938
TOTAL AGENCY SPENDING (3)	81,730	231,435	317,735	269,042	283,136	268,390	296,673	1,748,141
Loan Insurance Reserve		20,729	2,846	15,123	1,544	800		41,042
Transfers to OGD's for COOPERATION		6,100	32,532	67,971	94,047	117,645	100,892	419,187
Transfers to OGD's for "Other" (4)		5,324	8,390	12,360	38,079	24,548	17,763	106,464
TOTAL ACOA FUNDS UTILIZED	81,730	263,588	361,503	364,498	416,806	411,383	415,328	2,314,834

- (1) Based on October 31, 1993 Data.
- (2) This includes spending on Action Program plus business assistance programs transferred from DRIE and statutory expenditures.
- (3) Includes Statutory Expenditures.
- (4) These transfers to other government departments (OGDs) reflect ACOA's Coordination role. Funds are transferred to top-up OGD programs where this is deemed the best means of achieving regional development.

Expectations

The creation of ACOA generated a high level of expectation from Atlantic Canadians, the business community, the media, central agencies and from the Government itself, all of which tended to look at the new Agency as the last chance for the economic development of the region. The first step was to get Atlantic Canadians, through the consultation process or as members of the ACOA Advisory Board, to help in defining what needed to be done and how it was to be done. The business and economic communities from Atlantic Canada were invited to take an active part in this planning and development process. This was a major challenge as, at the same time, the Agency had to assume responsibilities for programs it had inherited and to build, in record time, the best team of people to do the job. Even before it was officially created (the legislation was only promulgated in September 1988), ACOA was expected to deliver and to deliver fast.

By December 1987, less than six months after its creation, the Agency was successful in having the moratorium on ERDAs lifted by proposing a process which would focus activities on the Agency's strategic priorities. Building on existing program legislation, ACOA announced a first-business assistance program, the **Action Program**, in February 1988 and, a few months after the passing of the legislation, it had most of its people in place.

Not everything went as smoothly as one would have wished, and the Agency being so much in the public eye, met with some criticism because the expectations created far exceeded the means available and the time needed to make a difference.

"Contrary to what Canadians believe, they are not the only ones spending money to stimulate development of the lagging regions, nor do they spend the most. Europeans have a history of region-specific development that goes back in some cases over half a century. American states and municipalities have engaged in intense competition for new investment since the 1930s. They still do so in the 1990s whether they are economically backward or prosperous.

ACOA programs, in fact, fit very closely with recent emphasis in regional development in much of the industrialized world, and in many respects the Action Program is the very envy of other jurisdictions. It is locally-based, is broad and flexible to allow a wide array of types of assistance, and is targeted mainly at the small and medium-sized sectors."

*Atlantic Provinces Economic Council
June 1992*

THE ACTION PROGRAM

The Early Challenge

The Action Program was the first visible activity to be implemented, as it was the most likely to provide a quick response to the high expectations created by the June 1987 announcement.

Objective

The Action Program was created to assist in the establishment of new businesses and the modernization or expansion of existing Atlantic Canadian businesses with emphasis on SMEs which create productive and long-term employment.

Its goals are to foster the development of entrepreneurship, to increase the rate of new business formation, to improve the competitiveness of SMEs, stimulate innovation, and create growth through new products and markets for businesses in the Atlantic region.

Description

The Action Program provides a comprehensive package of support covering the key needs of small and medium-sized businesses: access to technology information, advice and managerial expertise and equity financing. The Program provides the full spectrum of support for business investment from analyzing the feasibility of a new idea through to the marketing of the eventual product.

"ACOA assisted me in establishing my business. The people there worked with me along the way, being helpful not only in terms of money, but also in terms of management and business advice."

*Ross Hansen
Super Soles
Fredericton, New Brunswick
September 1992*

"At ACOA, it seems that people have flexibility and an understanding of business needs."

*Dan O'Brien, President
Seascope Systems Ltd.
St. John's, Newfoundland*

The Action Program was designed to make it as easily accessible as possible to small business. Information and evaluation requirements have been streamlined, particularly for small projects, and progress payments are available to ease the cost of financing. The Program can support a wide range of industrial sectors, especially the increasing business services sector, and offers an increased level of risk-sharing with private investors. It offers three types of financial assistance: direct contributions, contributions to interest buy-downs and loan insurance. One unique characteristic of the Program is its ability to work in partnership with non-profit business organizations and institutions to provide services to small businesses and to encourage these organizations to take responsibility for the economic development of the region.

"...Because of the support of the telephone company, and other agencies like ACOA and Communications Canada, Memorial is recognized as a leader in this country, and indeed the world, in distance communications for medical and education purposes."

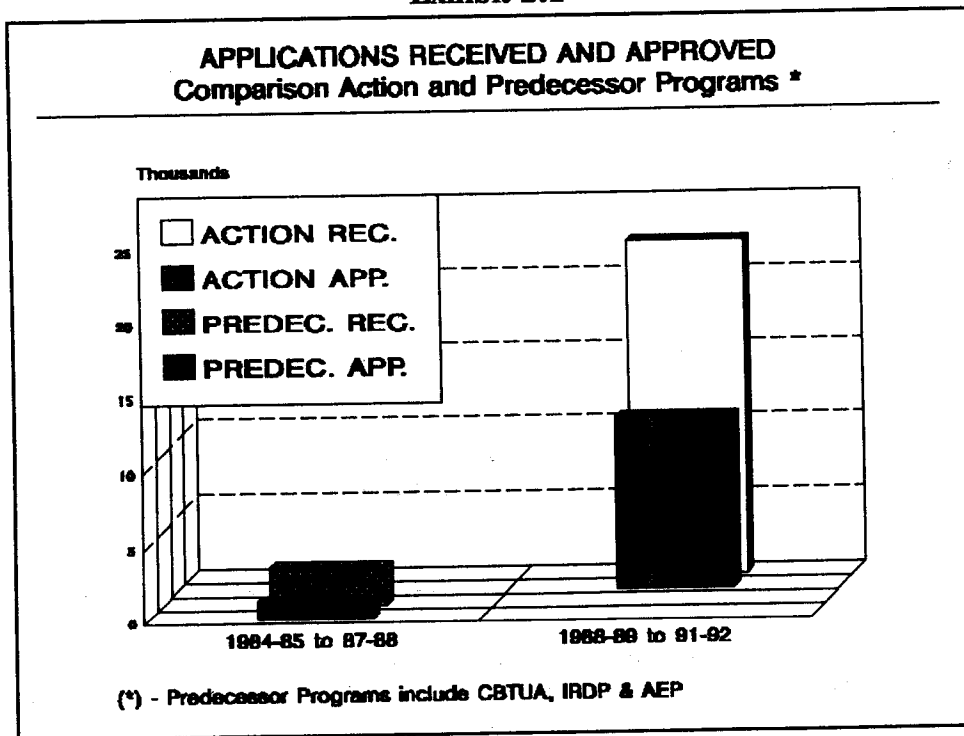
*Dr. Arthur May, President
Memorial University
St. John's, Newfoundland
December 1991*

In contrast to programs of the Agency's predecessors which were based on rigid national criteria, the Action Program provides the flexibility to adapt support to meet the needs of business. Authority is highly decentralized and well over 90% of decisions can be taken within the regional offices, allowing for quicker response time. Front-line managers have the authority to approve most small projects, empowering them to work with entrepreneurs to make viable business ideas a reality.

Early Response

The Action Program received a significant response from the business community. In its first year alone, ACOA had received a level of applications many times that received by predecessor business financial assistance programs. Exhibit 2.1 illustrates the wide difference in activity level of predecessor programs by comparing the four years of activity prior to and following inception of the Action Program. In four years, the predecessor programs received some 2,600 applications compared to over 22,000 in the first four years of the Action Program. This increase of over eight times earlier levels demonstrates that the Atlantic region really does contain a lot of business development opportunities just waiting for the right type of incentives to be given a chance to grow.

Exhibit 2.1



The response from the non-profit sector was significant, demonstrating the potential of this sector to deliver and coordinate economic development support. Over 300 business support groups and associations came forward in the first year and are now offering a wider and more professional variety of services to Atlantic businesses. One example is Technical People in Industry (TPI), an ACOA initiative managed by the Nova Scotia Research Foundation Corporation. The TPI program, by supporting the placement of university or

technical institute graduates in small and medium-sized businesses, strives to achieve two strategic results: to use and further develop the skilled human resources available in Nova Scotia and to transfer technology into the business community, resulting in more efficient and effective operations. The effectiveness of the program can be seen by the fact that for 76% of participants, the candidate has been retained after the support period.

"TPI has provided very soundly based technical support for our plant management. A new manufacturing line will help justify retaining the technical candidate's services and we are now outlining projects which should increase employment and product output."

*Sydney Hughes, President
I.M.O. Food Limited
Yarmouth, Nova Scotia
Fall 1991*

However, the non-profit sector has the potential to do much more in supporting development and providing services to small business. The Agency needs to continue to find innovative ways to enlist the support of the private sector.

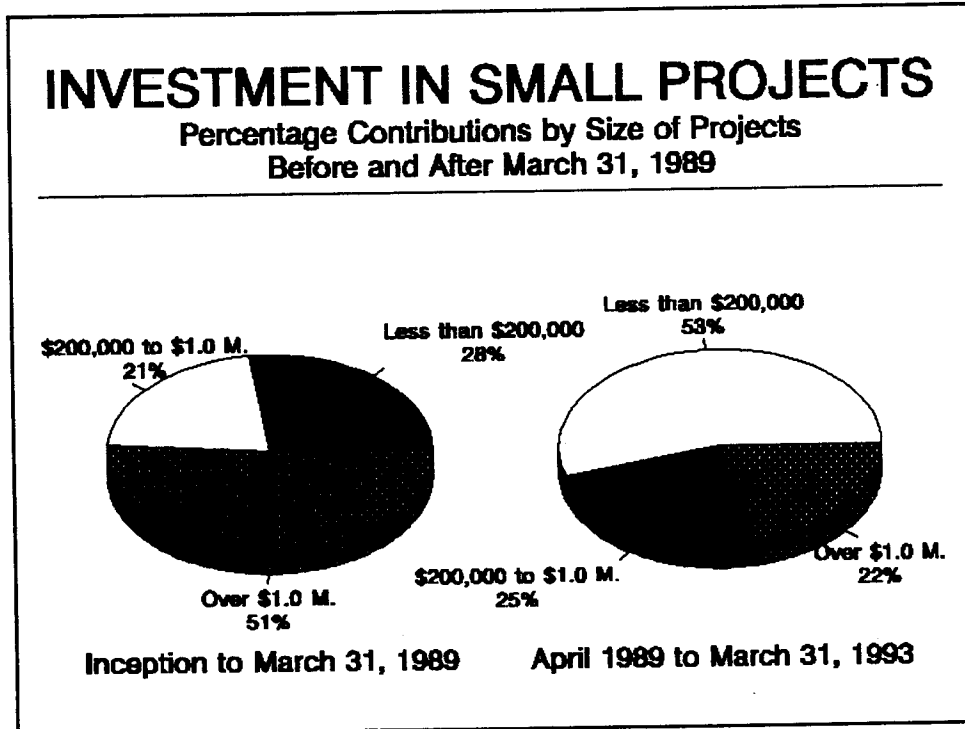
A Maturing Program

Increased Focus on Small Business

Budgetary cuts were introduced in the 1989 federal budget which affected the Agency's budget. Priorities were established and the Action Program concentrated its direct financial support to small businesses, contributions only being provided to projects of less than \$200,000. Interest buy-down and loan insurance support still remained available to larger projects usually coming from already established businesses.

After the 1989 change, over 75% of the Action Program's contributions went to projects of less than \$1 million in eligible costs, these representing 98% of the projects approved. Small and new enterprises remained a central focus of the Agency as almost 90% of the projects assisted were very small (less than \$200,000).

Exhibit 2.2



Tighter Competition and Risk Assessment

Assistance to businesses is assessed for viability and benefits to the region. This practice, which has been in place since the start of the Program, ensures that the marketplace can sustain the entrance of new competitors and that the result will be increased competitiveness and productivity in an industrial sector and not the displacement of existing businesses. Nevertheless, if it is to contribute to the federal priority of increased competitiveness, ACOA cannot back off from areas where there are competitors, regardless of how inefficient or unproductive they might be. However, the Program provides the opportunity for every business to improve its competitive position. In sectors of apparent market saturation, the Agency has financed independent studies of the industry and has discontinued assistance where it was demonstrated that the market was well-supplied and that added production capacity would not be beneficial to the region.

ACOA Account Managers follow extensive evaluation practices to determine the degree of risk by performing asset security, liquidity and performance tests. The February 1991 Report of the Enterprise Cape Breton Assessment Team made recommendations on risk management practices which were introduced to tighten the assessment practices of the Action Program and better balance risks with potential benefits. Applicants' equity is subject to closer scrutiny as are risk levels for management, markets and finance. Equity requirements for loan insurance projects have been increased. Personal guarantees are more frequently required for loan insurance projects. The monitoring and follow-up of projects have been improved and the Agency can step in to terminate projects which are not producing expected benefits.

Approximately 94% of the projects assisted by the Agency are successful (i.e., meeting the performance conditions of their contract with the Agency as of March 31, 1993), including over 90% of new businesses. On average, new businesses established by ACOA are now three years old. Data from Statistics Canada shows that almost 52% of new businesses in the Atlantic region fail within the first three years of operation.² The success rate of ACOA-funded start-ups is much higher than that of non-ACOA supported ventures. This is due in part to the fact that all proposals are thoroughly scrutinized before assistance is given and projects are subject to careful monitoring. Also, the Agency has established programs to provide professional advice and guidance to clients.

ACOA does not provide grants to businesses. It provides contributions which have strict performance conditions and which, if over \$100,000, are repayable. Repayability adds to the leverage on expenditures, as these funds once repaid can be "recycled" to support additional projects.

Focusing on Strategic Priorities

Probably one of the best features of the Action Program is its ability to adapt and respond quickly to the needs of small and medium-sized businesses facilitated by the regional location of the decision-making process. Changes are continually introduced as a result of consultations with the Atlantic business community. Through the years, the emphasis has shifted considerably from capital investments to innovation and marketing-related activity in response to the increasing need for Atlantic business to improve competitiveness to compete in the global economy, a shift that reflected national economic policy priorities and concerns.

²The estimated failure rate is for the sectors eligible under the Action Program: primary (excluding farming and fishing), manufacturing, business services, tourism and miscellaneous services.

CHAPTER TWO

Ministerial consultations were held on an almost yearly basis, where the business community provided its feedback and suggestions on how to improve support to businesses. As a result, new fields of activity were either introduced or given a higher profile:

1. **Supplier Development** was introduced in 1989 to increase the ability of Atlantic businesses to participate competitively and acquire public procurement contracts.
2. **Human Resource Development** was made available in 1992 to encourage Atlantic enterprises to enhance their management skills and enrich the technical skills and knowledge of their firms.
3. **Action Loan**, introduced in 1990, provides growth-oriented, high-potential enterprises with venture capital financing for selected capital and non-capital investments.
4. **Innovation**, which encourages and allows Atlantic businesses to develop new products or production processes, was enhanced in 1989 and again in 1992.

"I think that it is a credit to ACOA that our project was supported and we feel that you have made a meaningful contribution to helping enhance the reputation of software developers in Atlantic Canada. You have given us the opportunity to show that we are able to develop office automation programs that are second-to-none."

*Donald F. Fay, P.Eng., M.D.
President
Fayler Medical Office Consultant Ltd.
Halifax, Nova Scotia
1991*

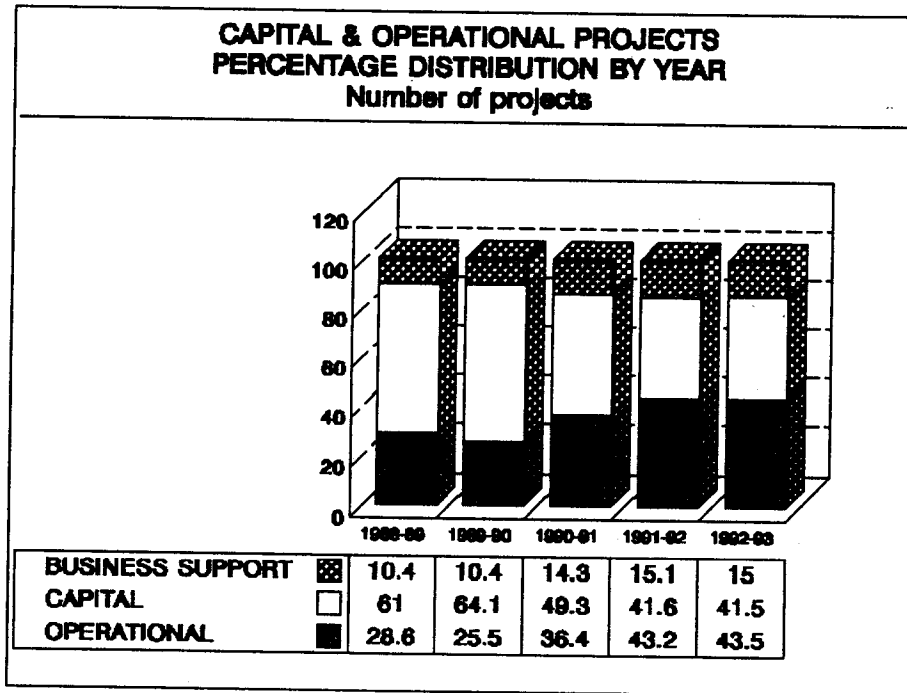
5. The **Consultant Advisory Service** was introduced to meet the serious need for professional and managerial advice to small businesses, especially to first-time entrepreneurs. The service, cost-shared between ACOA and the firm, allows the hiring of professional consultants to provide diagnostic accounts of the firm's problems or opportunities and to help the owner/manager identify appropriate measures of change.
6. The **Marketing** element was enriched in 1989, allowing small and medium-sized firms to take advantage of trade opportunities.

"ACOA's marketing program has opened a new door for us. It's been tremendous. We've increased sales by about 200 to 300 percent, and we're now in the process of shipping our products (kennels) to Bermuda."

*Lorne MacDonald, President
MacDonald Fencing
Porter's Lake, Nova Scotia*

Capital investments (establishment, expansion and modernization) still represent the largest percentage of projects and investments. However, support to operational projects and innovation and marketing activities is steadily gaining importance (Exhibit 2.3).

Exhibit 2.3



Despite the Agency's efforts, a lack of equity capital remains an important constraint facing Atlantic business. The private venture capital industry has limited presence and impact in the Atlantic region. A recent study³ for the Agency suggests that relative to the size of the economy, the availability of venture capital is less than half that for Ontario and Quebec.

The Human Resource Development Program introduced by ACOA has been used in only a very limited fashion by Atlantic business. Given the importance for competitiveness of upgrading existing employees of small business, there is a need to review the factors contributing to the lack of use of the Program and perhaps amend the Program to better meet the needs of SMEs.

The Action Program has provided broad-based support to business investment as a means of stimulating entrepreneurship. With scarce resources, consideration should be given to selective assistance for those activities most essential for competitiveness and growth such as the application of technology, marketing and training.

Evaluation of the Action Program

Activity to March 1993

From inception to March 31, 1993, ACOA had supported 10,000 projects, providing over \$800 million for a total investment of \$2.4 billion in the Atlantic region. ACOA was able to increase its leverage from 1.7:1 in the first year to 2.3:1 in 1992-1993, meaning that for every dollar contributed by the Program, an additional \$2.30 was directly invested by the private sector. Of the projects assisted, nearly 1,500 were establishments of new businesses of which 45% to 50% are estimated to be first-time entrepreneurs. Annex I provides additional detail on the type of activity supported and the type of financial assistance provided.

³Stimulating the Use of Private Sector Venture Capital Financing in Atlantic Canada - Moncton Consulting Services Ltd. - 1991.

SUMMARY OF ACTION PROGRAM ACTIVITY SINCE INCEPTION

Inception (February 1988) to March 31, 1993

# of projects approved:	10,001
Authorized assistance:	\$823.26 million
Total project cost:	\$2.4 billion
Jobs created:	26,089
Jobs maintained:	31,284

An evaluation of the Action Program was completed by Price Waterhouse⁴ in 1992, based on a comprehensive survey of clients. It recognized that the Program has been the object of constant monitoring and adjustments to adapt it to the needs of its target clientele. Specific findings for commercial operations include the following:

Price Waterhouse Findings

(1) Increased Economic Activity

Ninety-six percent (96%) of the jobs projected were effectively created at the time of the survey, and the actual number of jobs maintained was higher than originally forecasted by the applicants.

The survey reported that over 64% of clients reported increases in sales for their firms. Value of sales increases attributed to the Action Program have been estimated to fall between \$750 million and \$950 million annually. A cost-benefit analysis demonstrated that for each \$1.00 invested through the Action Program, including the expenditures on projects which subsequently failed, there were \$4.20 in direct and indirect benefits, including additional taxes and Unemployment Insurance savings.⁵

⁴Action Program Evaluation Summary Report, Price Waterhouse, November 1992.

⁵This estimate of the ratio of benefits in terms of value-added as measured by Gross Domestic Product to total investment costs, public and private should not be confused with the "leverage" ratio of 2:3:1 (page 21) which measures the direct business investment induced by \$1 of Action Program expenditure.

"If five years ago you had asked me whether our company would be in a new manufacturing plant in Canada, have an offshore manufacturing plant in Thailand and be exporting to a dozen countries around the world, I would have said "no way". Five years ago, the concept of accomplishing what we have done in internationalizing our business was not foreseen. But, we did it."

*David Ganong, President
Ganong Brothers
St. Stephen, New Brunswick
Spring, 1992*

(2) **Incrementality**

Only 8% of the commercial clients assisted would have been able to proceed as planned without the Action Program assistance, 49% would have either been postponed or down-sized and 43% would not have proceeded at all. The findings are supported by an internal follow-up by ACOA of projects which were denied assistance, which demonstrates that only 7% of the refused projects judged to be viable proceeded as planned without ACOA's support, and over half were cancelled. These projects were denied assistance solely because the project size exceeded \$200,000, the maximum eligible for support over the May 1989 - February 1990 period.

(3) **Level of Success**

Over 80% of the commercial clients surveyed reported that their investment was a success. Those who felt they were less successful than anticipated considered the prime reason to be the downturn of the economy which negatively impacted their earlier projections.

(4) **Client Satisfaction**

Over 85% of clients found it easy to meet ACOA's request for information in the application process. In comparison, in an evaluation of the predecessor IRDP, only 65% of clients reported finding the application process easy.⁶

⁶IRDP Evaluation Study Report, Young and Wiltshire, December 1990.

Other Evaluation Findings

(1) Impact on Competitors

A review of the impact the Action Program had on competitors was made through a case study of the assistance provided in the tourism accommodation sector.⁷ At the local level, the individual operators complained of "unfair" competition but their regional associations and other representatives of the industry lauded the Program in forcing operators to upgrade facilities, making them more competitive on the national and international scene. This conclusion supports the Agency's viewpoint that by keeping a healthy level of competition, it strongly encourages Atlantic firms to invest and increase their level of productivity, making them more prepared to compete on the global market.

"ACOA has been good for the tourism industry... ACOA has enabled us to improve the tourism plant and infrastructure on P.E.I."

*Jim Larkin
Executive Director
Tourism Industry Association of P.E.I.*

(2) Non-Profit Organizations

An internal survey of the non-profit groups assisted showed that almost 80% of the non-commercial activity projects would have been cancelled or postponed without ACOA's presence. Over 97% of the non-profit organizations assisted were satisfied with the outcome of their project. Benefits from this type of activity are an increase or improvement in the quality of business start-ups and in the quality of the organization's services and support to the business community.

⁷Impact on Competitors, Fiander-Good Associates Ltd., April 1992.

As an example, in Nova Scotia, assistance has been provided to universities to help with the operational costs associated with business development centres. The majority of these centres are providing top-quality commerce students and, in one case Master of Business Administration students, with practical experience with the challenges of operating a small business. As well, these centres are assisting the local business community by providing low cost, entry-level consulting services to businesses who cannot afford professional consultants. Two of the centres are aimed at meeting the specific needs of women and francophone entrepreneurs.

"This funding, which will support the Centre for the next four years, will let us build on our successes... It gives us the security to plan ahead, to develop further links with the business community, with university faculty and the network of services available to support small business. It is only this long-term commitment that makes this possible. We are grateful to ACOA, and to the community and business contributors for their support."

*Anne Hope, Director
St. Mary's Business Centre
Saint Mary's University, Nova Scotia
1993*

THE COOPERATION PROGRAM

Description

Since 1989, the federal and provincial governments, universities, research institutes and private businesses have been teaming up through the COOPERATION Program to reinforce Atlantic Canada's economic foundations. The COOPERATION Program is designed to operate in a complementary fashion with the Action Program. As the name implies, the COOPERATION Program is about pooling resources and uniting efforts toward a common goal - creating the kind of economic climate in which business and industry can grow in Atlantic Canada.

The COOPERATION Program creates conditions necessary so that direct assistance to business provided under the Action Program can produce maximum benefits to the economy. Federal-provincial agreements have been the primary mechanism used, but direct federal initiatives and agreements between the federal government and the private sector have also been used.

The COOPERATION Program is an important coordination vehicle for ACOA. First, ACOA involves other federal departments in the negotiation, program development, delivery, management and evaluation of federal-provincial agreements. Second, the approach allows for the leverage of funds from national programs administered by these departments.

As of March 31, 1993, there were nine federal departments implementing COOPERATION initiatives: ACOA; Agriculture Canada; Communications Canada; Environment Canada; Energy Mines and Resources Canada, Fisheries and Oceans Canada; Forestry Canada; Industry, Science and Technology Canada; and Transport Canada. Through the COOPERATION Program, federal departments build on their normal efforts to support regional development priorities with programs that are sensitive to the unique needs of the region.

The federal management of the COOPERATION Program is the responsibility of ACOA. The federal management of individual agreements is the responsibility of ACOA in conjunction with other federal departments. The federal and provincial governments cost-share multi-year agreements which coordinate the numerous economic development efforts of the two levels of government.

COOPERATION agreements are mechanisms for cultivating the region's existing assets and for producing new strengths. In other words, they enable traditional resource sectors to become more modern, productive and competitive, and allow people to seize new opportunities.

COOPERATION activity gives Atlantic Canadians the support services needed to create, strengthen and expand economic activity that is competitive on a national and international scale. That results in economic advancement and jobs for present and future generations.

Priorities are decided annually through consultations among federal Ministers, the Minister for ACOA, and provincial Premiers. Holding yearly discussions ensures that funds are available on a rolling basis for new COOPERATION agreements to be signed each year. That places the emphasis firmly on opportunities arising out of changing economic conditions.

Like all ACOA programs, the COOPERATION Program is fundamentally about fostering economic growth in the region. But the Program takes an even larger view, by looking at the needs of whole sectors. Further, the Program sets directions compatible with the requirements for growth unique to each Atlantic province, through the ERDA signed with each Province in 1984. By taking the region's diversity into account, the Program stimulates and strengthens differing local economies in ways that best suit the needs of each area's communities. Efforts are made to ensure that the programming is delivered by those with closest contact to the client, be it a provincial or federal department, or a private sector organization.

The Agency obtained an end to the moratorium on the ERDAs in December 1987, by undertaking to develop a process which would effectively direct federal-provincial activities towards the federal priorities for regional development outlined by the government at the time of the creation of the Agency. By 1989, ACOA was able to obtain the agreement of federal departments and provincial governments that federal-provincial efforts should be prioritized, developed and coordinated on agreed areas of priority. These priority areas or themes flowed from the Agency's mission statement and strategic priorities and related to entrepreneurship, innovation and technology transfer, marketing and trade development, human resource development and the environment. These five strategic areas offer Atlantic Canadians the greatest opportunity to become globally competitive and to achieve economic renewal. In recognition of the continued importance of competitive resource industries for the region, and in particular for rural areas, and the need for improvements to infrastructure, three supporting themes of resource competitiveness, rural diversification and strategic infrastructure were established.

The COOPERATION Program represents a very important funding source for public sector economic development initiatives. The relatively weak fiscal capacity of the Atlantic provinces severely limits their ability to undertake program spending.

As of March 31, 1993, a total of 86 COOPERATION initiatives had been signed for a total federal contribution of \$1.2 billion. Annex II provides a listing of these initiatives. Because these initiatives are cost-shared with the Provinces, the overall average being 60:40 federal-provincial, total investment amounts to \$2 billion. In addition to leveraging significant provincial expenditures, the COOPERATION Program provides a vehicle for enlisting the considerable expertise of provincial officials.

"... ACOA by and large has been an effective tool for economic development in Prince Edward Island... There is always room for additional dollars. We always seem to have, especially over the last couple of years, less and less money in the various rounds of agreements that ACOA signs on behalf of the federal government with the Provinces, but one of the strongest features that ACOA had was that it allowed the decision making process to stay here in the region."

*The Honourable Robert Morrissey
Minister of Economic Development
Province of Prince Edward Island
Transcript from Maritime Noon,
CBC Radio - Moncton
November 5, 1993*

Activities

Newfoundland and Labrador

The COOPERATION Program in Newfoundland has evolved from an orientation to resource sector agreements to more strategic, multi-faceted agreements enhancing the business climate. Recent COOPERATION initiatives focus on regional development imperatives in a changing economy. For example, the ACOA/Enterprise Network Agreement is establishing an electronic network to serve entrepreneurs and community development groups throughout rural Newfoundland. The Human Resource Development Agreement signals ACOA's intention to improve attitudes and capabilities towards entrepreneurship, education, science and technology. The Strategic Investment and Industrial Development Agreement positions the Agency to take a more pro-active role in attracting new investment from outside the province, and in commercializing indigenous, high-technology products.

Through the COOPERATION Program, ACOA and the Government of Newfoundland and Labrador have been striving to streamline and harmonize programs and delivery mechanisms. Both levels of government are seeking to build on emerging strengths in knowledge-based industries, while facilitating the adjustment process from a resource-based economy. The COOPERATION Program has assisted Newfoundland to develop internationally competitive capabilities in both the private and institutional sectors. These strengths centre around cultural, geographic and historic capabilities and a variety of marine-related disciplines including cold ocean engineering, communications and instrumentation.

Nova Scotia

Nova Scotia currently has 14 COOPERATION agreements in place. Activities under these agreements cover a wide diversity of activity ranging from infrastructure (Highways and Halifax Harbour Clean-up) to resource sectors (Agri-Food, Fisheries, Forestry and Minerals) to technology, investment opportunities and tourism. All agreements are designed to strengthen, expand and diversify Nova Scotia's economic base.

Three of the more recent examples of the COOPERATION Program at work in Nova Scotia are: programs under the Industrial Development Opportunities Agreement to attract external direct investment; a Sustainable Economic Development Agreement that combines business and economic opportunities associated with conservation and protection of the environment; and private sector projects that encourage and assist in the development, commercialization and marketing of technical products and processes produced by Nova Scotia companies under the Technology Development Agreement.

New Brunswick

In New Brunswick, the COOPERATION Program allows ACOA to work in close cooperation with the Province in a number of areas. There are currently 14 active agreements of which five are delivered by ACOA. These agreements allow the governments to focus on a diverse range of activities in the primary, secondary and tertiary sectors.

In the primary sectors, activity has been successful in significantly expanding blueberry production in the Acadian Peninsula, as well as in establishing a freezing plant in the area. The aquaculture industry has been supported by the construction of a major service centre for salmon growers.

A major initiative in human resource development is the commitment to finance the expansion now underway at the Shippagan Campus of l'Université de Moncton. Other projects include a Distance Education Development Fund to encourage the development of software packages for multi-media courses and programs, a Youth Entrepreneurship Program to introduce students to entrepreneurship as a career, and the encouragement of women in science, engineering and entrepreneurship.

The COOPERATION Program is also supporting highway improvements, tourism and strategic infrastructure such as the industrial infrastructure required for the establishment of a textile plant in Northern New Brunswick.

To foster innovation, assistance has been provided for the establishment of a commercial microwave laboratory to conduct R&D activities under contract to mining companies and other industrial concerns. As well, the Food Research Centre in Moncton will receive assistance for technology transfer initiatives.

Prince Edward Island

In Prince Edward Island, the COOPERATION Program supports efforts in agricultural development, while minimizing adverse effects on the environment. The Program is also contributing to improvements in the province's biotechnology capabilities with, for example, support for research and development into disease-testing techniques for the seed potato industry.

The Program is helping the food and fish-processing sectors to expand and prosper. For instance, support is being provided for soybean-roasting capabilities to bring new products on line for Island farmers.

The Program is supporting export marketing by assisting in the creation of a private sector trading house to provide international marketing capability to Atlantic businesses.

The Program is supporting entrepreneurship by, for example, supporting the development of an entrepreneurship program for junior and senior high school students and partnering with Junior Achievement to bring this entrepreneurship program to rural Island schools.

Finally, the Program is assisting in attracting investment to the aerospace industry in the Summerside area.

Evaluation of the COOPERATION Program

A comprehensive evaluation of the COOPERATION Program is about to be completed by the Coopers & Lybrand Consulting Group.⁸ The evaluation concluded that the COOPERATION Program has resulted in a more coordinated regional approach to economic development and that the process has been improved by the creation of ACOA with its mandate to coordinate regional economic development. The evaluation report concludes that:

"the mechanism of a strong regionally-based federal agency with a mandate to coordinate economic development is necessary to address the region's challenges and changing economic circumstances. Federal-provincial relations were also stronger as a result of the implementation of the COOPERATION Program. Phrases such as 'more consultation', 'better communications', 'more cooperation' and 'effective negotiation' were used to describe this relationship. There is an increasing emphasis on reducing duplication and overlap and improving cooperation by both levels of government, and the processes whereby new initiatives are developed and undertaken by the COOPERATION program has furthered this effort".

"Well ACOA has been very effective for us. It has really helped put the other pieces in the puzzle when it came to attracting new businesses and so on..."

... One of the things we want to do is to make sure that Ottawa's objectives through ACOA and ours are the same. That we want to help small communities decide their own future and we need ways to bring money to them to help them go through that process, setting up their community development organizations and doing this process of deciding what works in what communities."

*The Honourable Ross Bragg
Minister of Economic Development, Tourism
and Culture
Province of Nova Scotia
Transcript from Maritime Noon,
CBC Radio - Moncton
November 5, 1993*

⁸COOPERATION Program Evaluation Study Report, Coopers & Lybrand Consulting Group (report in progress).

The evidence is that the Program is working and is necessary. **Private sector clients were surveyed concerning the impact of the support and 83% indicated that their project was successful in accomplishing their objectives.** Clients and officials indicated that the incremental impact of the Program is substantial and that there is a need for such a program in Atlantic Canada. Of the clients surveyed, who were planning another project within the next five to ten years, about 40% of these respondents indicated that they would cancel or postpone the project in the absence of funding from the Program. Another 20% suggested that the scope, timing or location of their project would be changed. Clients generally gave high satisfaction ratings to the service they received from COOPERATION Program delivery officials. For example, on a scale of zero to ten, the Program scored 8.6 in terms of client satisfaction with overall service.

Finally, the evaluation found that ACOA's strategic themes had played an increasingly important role in the prioritization of expenditures. In 1989, the themes accounted for only 14% of total expenditures. However, by 1995, it is projected that 45% of expenditures, based on existing commitments, will be directed to the key themes which include entrepreneurship, marketing, innovation and technology transfer, the environment and human resource development. This breakdown of expenditures reflects continued support to improve the competitiveness of the resource sectors which represent the foundation of the Atlantic economy. The evaluation concluded that there is a substantial degree of cooperation among federal and provincial line departments. Testifying to this is the fact that the impact of the key strategic themes can be seen not only in the development of new agreements funded by the COOPERATION Program, but is also strongly visible at the program and project levels of individual agreements. Part of the reason for the growing influence of the themes is their compatibility with the directions the four provinces are taking in strategic economic planning and development. The evaluation found that:

"by strategically directing expenditures to the key sectors of the regional economy, the Program has been able to record an impressive impact on the economy of the region, improving competitiveness of the private sector, employment and earnings".

"ACOA has been a key player in the expansion of Prince Edward Island's infrastructure. We are most proud of the diversification and expansion of our food processing sector. The challenge facing the ACOA and the provinces is to ensure that we can continue to tailor shared funding programs to meet our objectives."

*Former Premier Joe Ghiz
October 1, 1992
Charlottetown, Prince Edward Island*

ADVOCACY

An increasingly important part of ACOA's mandate is ensuring that Atlantic Canada's interests are considered in all national economic policy, programs and projects. ACOA's Advocacy initiatives are based on increasing the sensitivity and cooperation among federal departments in supporting Atlantic Canada's economic development.

In support of its Advocacy role, ACOA has endeavoured to develop a thorough understanding of the needs of regional business based on experience with several thousand business clients and continued consultations and discussions with the community. For example, in Nova Scotia, ACOA has introduced **Managers in the Community and Adopt a Board of Trade** initiatives to encourage regular contact of ACOA officers with the local area business to provide information. This also enables ACOA personnel to become aware of the issues facing various communities and community members have an appreciation of what ACOA is all about. Similar exchanges with the business community are also ongoing in the other Atlantic provinces where ACOA Account Managers regularly make themselves available to provide professional advice and guidance, while at the same time learn about the business community's needs and requirements.

"There is no question that ACOA has played a key role in Micronav's success in the Microwave Landing System Program. From the outset, its officials in Ottawa, Moncton, Halifax and Sydney have been successful in ensuring that inter-departmental decisions appropriately considered the Company's capabilities. When it would have been easy to dismiss Micronav as an out of the way upstart, ACOA was there to insist that the Company be seriously considered and provided the opportunity to perform."

*Nicholas E. Coyle, President and CEO
Micronav International Inc.
Sydney, Nova Scotia*

At the national level, ACOA is active across a full range of interdepartmental committees dealing with national policies, programs, projects and procurement. It is within these forums that ACOA advocates Atlantic interests. While achievements in Advocacy are not always as easily measurable as those of financial assistance programs, the gains in changing a policy or adapting a program or regulation to meet Atlantic needs can be significant. The following are but a few of the examples where ACOA has been active.

Procurement

A strategic focus of the Advocacy effort is found in procurement where ACOA is now represented on the federal Procurement Review Committee and the Senior Review Board and can participate in the federal government's purchasing decisions. ACOA personnel, in Ottawa and in the regions, are working closely with Atlantic companies with the potential of supplying goods or services to federal departments. For 1989-90 to 1991-92, federal procurement for all four Atlantic provinces increased significantly, as compared to the three years prior to the creation of ACOA. In fiscal year 1991-92 alone, ACOA played an important role in bringing over \$370 million in incremental federal contracts and associated industrial benefits to the region.

The establishment of COM DEV in Moncton, New Brunswick, is one result of procurement efforts. ACOA's support was crucial in obtaining an \$8.5 million Canadian Space Agency (CSA) contract to build the Measurement of Pollution in the Troposphere (MOPITT), an environment instrument payload for National Aeronautics and Space Administration's Earth Observation System. This represents the first major contract by the CSA to an Atlantic Canada-based company. For COM DEV and for Atlantic Canada, the MOPITT contract is a major cornerstone and presents a different future for the region.

"According to the company subsidiary plant's (COM DEV Atlantic) general manager, Joseph Gore, Ph.D., the commercial appeal of the hub city, the terrific selling job of the province's premier and the tremendous support of the Atlantic Canada Opportunities Agency (ACO) are what sold COM DEV's top brass... he also acknowledges that the firm 'wouldn't be in this without ACOA's support'."

*Atlantic Lifestyle Business
Vol. 4, #2, 1993*

Steelcor, of Buchans, Newfoundland, is another Atlantic Canada business that benefited from the targeted federal defence procurement efforts of the Agency. Over a two-year period, working closely with the ACOA Ottawa office and the ACOA St. John's regional office, the company has won close to \$10 million in contracted business. In 1991, Steelcor won \$2 million in contracts from General Electric on the Canadian Coastal Radar project. Another \$4 million was also awarded in 1992 by Short Brothers for DND's Blow Pipe Missile project.

"As a direct result of Steelcor's marketing and ACOA's advocacy we are now carrying out two major defense manufacturing contracts that see us exporting to the United States and Europe."

*Sean Power, President
Steelcor Industries Inc.
Buchans, Newfoundland*

While maintaining the competitive advantage of existing defence industries, ACOA also has a strategic long-term focus by introducing new technologies and building strategic alliances among Atlantic industries with larger domestic and international businesses. The result will be a competitive industrial base in the Atlantic region that is capable of winning in the global economy.

Pharmaceuticals

ACOA has advocated strongly with the Pharmaceutical Manufacturers Association of Canada and its membership for increased investment by its members in the region. This advocacy was undertaken not on the basis of entitlement, but rather on the basis of viable competitive opportunities in the region. ACOA successfully focused the interest of the region in pharmaceutical opportunities and also raised the interest and regional investment intentions of the pharmaceutical industry itself, especially in the area of clinical trials.

"I believe that there will be a surge of millions of dollars of investments in research because we can develop the clinical expertise that is already here in Atlantic Canada. All we need to do is marshall our collective expertise across the region and market ourselves in a coherent cooperative manner. ACOA has helped us do just that and pharmaceutical activity will definitely increase in the region as a direct result of ACOA's advocacy efforts."

*Dr. Howard Dickson
Associate Dean of Research and Planning
Dalhousie Medical School
Halifax, Nova Scotia
December 1993*

Transportation

In defence of Atlantic Canada's interests and to encourage a coordinated approach, ACOA communicates regularly with key stakeholders in the area of transportation, including provincial governments, industry associations, Transport Canada, and multiple corporations, commissions and associations. On several occasions, the Agency has advocated the need for the National Transportation Agency (NTA) to better represent the specific needs of the Atlantic region in areas such as: use of transportation as a regional development tool; better coordination of various modes of transportation; better coordination of federal and provincial policies and initiatives; the need to define an essential transportation network for Atlantic Canada; and better use of funds under the Freight Subsidy Program. Some success has been achieved in initiating a review of transportation subsidies and in having Transport Canada and the NTA try to define an essential rail network for the Atlantic Canada region.

Trade

ACOA, through Foreign Affairs and International Trade Canada negotiators, played a major role in formulating Canada's position within the Uruguay Round of GATT negotiations in advocating a carve-out for regional development subsidies. ACOA successfully advocated that subsidies for regional development purposes be classified as non-countervailable under GATT rules. For the first time in GATT's history, there is a provision for a subsidy definition which places regional development subsidies in the non-countervailable category.

Advocacy Within the Region

Advocating Atlantic interests effectively implies that there is a single definition of what is the best interest for the Atlantic region. One has to be reminded that the region includes four provinces, four distinct governments with some degree of difference in perspective of what is best for their respective province, and four distinct economies and industrial make-up. The geography and composition of each province's population also entails a variety of cultural and social interests, which influence the outlook each one has of its own economic development.

ACOA is in a unique position to identify priorities and bring the provinces together to work in a concerted, coordinated way. ACOA's role can be illustrated in the tourism sector where the Agency advocated strongly for a cooperative, coordinated regional approach to tourism marketing. In 1991, the four Atlantic tourism industry associations and ACOA managed to attract only two funding partners, the promotion generating some 6,000 inquiries. In 1993,

there were 27 partners involved, including the four provincial governments, and the campaign identified over 30,000 potential new tourists. Evaluations of the tourism marketing program⁹ have demonstrated that each dollar of advertising returns approximately \$6 in tourism expenditure in the area. In tandem with the tourism industry, ACOA is working in five specific areas: Atlantic region accommodation grading standards; cooperative marketing; a central reservation and information system; establishment of an Atlantic forum allowing industry and government partners to work together on common tourism development goals; and development of regionally-attuned tourism policy positions and a better prepared regional tourism industry.

"Ontario and Quebec represent a substantial segment of the Atlantic Canada tourism market. The recognition of this fact by ACOA and its assistance in our marketing program are invaluable. For the first time, we will have a measurable campaign to guide our future efforts."

*Regina McCarthy
(Former) Chairman
Atlantic Canada Tourism Industry Caucus
Halifax, Nova Scotia
Spring 1991*

Despite the achievements to date, the Agency has not yet given Advocacy the attention it deserves, given that it can potentially have a greater impact than direct financial support. As resources become increasingly scarce, it will become important to ensure that federal expenditures are making their maximum contribution to regional development.

⁹Based on various evaluations of the "Atlantic Canada: A Coast of Difference" marketing campaigns conducted by Corporate Research Associates Inc., Price Waterhouse and HEAD Research.

COORDINATION

In the earlier years of the Agency, because of the high visibility of the financial assistance programs and the significant resources that these consumed, not enough emphasis was put on ACOA's Coordination role. However, as pointed out earlier, a major effort to coordinate federal programming is being carried out under the COOPERATION Program and it has met with considerable success. Here, the Agency was able to use the incentive of funding to achieve program coordination and lever financial investments from other federal departments in the region.

As a newcomer on the Atlantic region economic scene, it was relatively difficult for ACOA to assume a leadership role before it had the opportunity to show proof of its ability to assume such a leadership. However, the Agency's early successes under the Action and COOPERATION Programs in stimulating business confidence and entrepreneurship, bringing in a strategic focus to development activities and improving federal-provincial consultation, developed the Agency's credibility and also gave it a reputation for bringing parties together to solve development problems.

Increasingly, people are looking to ACOA when they look to government for action because it is accessible and has a presence in the region. Public opinion surveys undertaken in 1992 indicated that 77% of people in the region were aware of the Agency and 65% believed ACOA was successful in meeting its mandate of long-term economic growth.¹⁰ It should be noted that these surveys cover the population at large and not only program users, i.e. those who might expect some direct benefits from ACOA.

With a few years experience in the field and with increasing recognition of its role and accomplishments in the region, ACOA became an increasingly important partner to federal line departments. It is assuming its Coordination role without assuming other departments' responsibilities.

¹⁰Omnifacts Research - A Report on Advertising Awareness and Recall, 1993.

"In addition, we see great value in having an agency like the Atlantic Canada Opportunities Agency, actively pursuing the issues of the Region within the Federal Government. A.C.O.A.'s role as a facilitator or catalyst for greater economic cooperation within and between key sectors and between the four Atlantic Provinces, its activity in helping to raise the awareness and profile in the areas of Entrepreneurship and Human Resource Development, in leveraging its resources with those of other public sector organizations, the private sector, and the not-for-profit sector, have all provided enhanced value in the Atlantic Region. Value which could not be realized from a centralized office in Ottawa."

*Donald G. Newman, Chairman
Atlantic Provinces Chamber of Commerce
News Release, October 29, 1993*

The crunch created by the significant reduction of federal resources and the critical situation created by major structural changes in the Atlantic economic base has increased the importance of the Agency's Coordination role. All forces have to be brought together to address the fisheries crisis, the decreasing importance of the resource-based industries and the need to live in an increasingly competitive and knowledge-based environment. The world is changing rapidly and all of Canada's regions will have to adapt and put all their forces and resources together to meet the challenge.

At the regional level, such a regrouping of resources and energies has taken place and continues to take place. ACOA is not only a partner, but is increasingly taking a Coordination role because of its wider perspective of the region's economy and its recognized experience in a multiplicity of business and economy-related areas. In other words, ACOA as a "generalist" Agency can more effectively bring together a number of "specialized" line departments to search for common areas of development. The ability to bring forces together to solve regional problems will be more effective and less costly than if each department goes solo, duplicates or even unknowingly works at cross-purposes from each other's initiatives.

Regional Councils

Throughout Atlantic Canada, ACOA coordinates interdepartmental regional councils comprised of senior federal officials from throughout the region to share information and to coordinate federal departments' actions on key issues (such as the development of megaprojects) where decisions will affect the economy of the region.

Summerside

"In reviewing the Summerside experience there seemed to be one consistent observation and that was that ACOA was the vehicle that made things happen."

*John Cameron
Independent Consultant*

The Coordination or leadership role of ACOA is exemplified by the central role the Agency assumed in the development of Summerside following the base closure, which meant a critical loss of employment and revenue for the Province of Prince Edward Island. ACOA worked very closely with federal departments and the Province and was instrumental in having the base turned over to the private sector and in the development of the Summerside Aerospace Centre. Two firms are now located at the centre, specializing in aircraft repair and overhaul. Employment and Immigration Canada participated in the initiative by providing the necessary training.

The location of the Summerside Fiscal Centre, the expansion of the food processing industry and other private sector initiatives are the result of this collaborative effort which has done much to aid the area's economy and to bring back hope and new employment opportunities to the people of Summerside.

"The relationship with ACOA has been nothing but good... The ACOA people have always been very accessible, and we've nothing but a spirit of cooperation with ACOA. We wouldn't be here if it wasn't for that."

*Mike Everett, General Manager
Atlantic Turbines Ltd.
Summerside, Prince Edward Island*

Fisheries

With the current crisis shaking the fisheries industry, the need for a major restructuring of Atlantic Canada's economy is recognized by the industry, the workers and governments. Again, ACOA is being called on to play a central role in planning alternative employment opportunities and in bringing together and coordinating other federal departments' efforts to build a new, less dependent economic future for the region.

Canada Business Service Centres

The evaluation of the Action Program found a very large number of federal and provincial business assistance programs with similar objectives and clientele. The evaluation of the COOPERATION Program reported that provincial officials and some federal officials perceived overlap of programs to be a problem.¹¹ As an example, there are about 150 programs of support to business in Newfoundland. The numbers are similar for the other provinces. Each program has its own set of eligibility criteria that define the clients, sector, funding levels, program timing and eligible activities. Taken together, these factors restrict the access to programs available to a client and add to the complexity of support. The number of programs adds to the amount of bureaucracy needed to administer them and to keep them current in order to provide accurate advice to clients.

There is also a proliferation of delivery organizations helping clients, including federal departments, provincial governments, universities, municipal industrial commissions, Community Futures Associations and business associations.

It has long been realized that better coordination can improve the effectiveness of the process. Another example of the central Coordination role of the Agency and of its recognition as a major player is the responsibility given to ACOA to coordinate the development of Canada Business Service Centres in the Atlantic provinces. The first centre, developed as a pilot project, is now in operation in Halifax. It brings to the same location as many as 15 federal departments or agencies offering a variety of services, programs and information of importance to the business community. The centre also benefits from provincial participation.

¹¹COOPERATION Program Evaluation Study Report, Coopers & Lybrand Consulting Group (report in progress).

CHAPTER TWO

As the lead department in Atlantic Canada for providing assistance to small and medium-sized business, ACOA has a major opportunity to encourage the streamlining of government services and assistance to business.

Memorandum of Understanding with the National Research Council

ACOA and NRC have complementary mandates in the areas of innovation and technology for Atlantic Canada. In order to more effectively deliver their programs, an MOU was signed in December 1991 to work together on innovation project applications from the private sector. Under this arrangement, ACOA has access to NRC's technical expertise for the development and evaluation of innovation applications, and NRC has access to ACOA's expertise in the financial aspects of evaluation. This arrangement has fostered a more efficient use of human resources and a more coordinated use of program funds.

Federal-Provincial Coordination

ACOA places a priority on ongoing consultation and discussions with provincial governments. For example, in New Brunswick, a Federal-Provincial Coordination Committee meets every month to discuss strategic projects and issues relative to economic development. Similar initiatives exist in the other provinces.

SPECIAL PROGRAMS

Fisheries Alternatives Program

In November 1990, ACOA was given the responsibility to implement a \$90-million (increased to \$115 million in 1993) Fisheries Alternatives Program (FAP) which is the only element of the \$584 million Atlantic Fisheries Adjustment Program specifically designed to help diversify the economies of rural fishery-dependent communities and to provide alternate employment opportunities to workers displaced by the downturn in the fishery. With broader sectoral eligibility and more generous assistance than the Action Program, plus the placement of community development officers in strategic areas, FAP targets those communities affected by the downturn in the fishery.

In Newfoundland where the adjustment was the most necessary, FAP has encouraged entrepreneurial activity. At March 31, 1993, the Program had assisted 748 projects of which a large proportion (38%) were in the manufacturing sector. The great majority (86%) were small projects of less than \$200,000.

As an example, in the remote Labrador community of Rigolet, the Program has helped a local entrepreneur to build the community's only inn. With financial backing from FAP and other funds coordinated partly by ACOA staff members who helped him cut through red tape, Max Blake saw his dream of a seven-bedroom country inn rise from the ground during the summer of 1992.

FISHERIES ALTERNATIVES PROGRAM STATISTICS
SUMMARY OF FAP ACTIVITY SINCE INCEPTION

Inception (November 1990) to March 31, 1993

# of projects approved:	748
Authorized assistance:	\$61.86 million
Total project cost:	\$147.7 million
Jobs created:	2,153
Jobs maintained:	1,516

Pan-Atlantic Development Activity

The Pan-Atlantic Development Activity was introduced in December 1992 as a follow-up to the 1991 consultations where regional decision-makers and businesspeople pointed out the need for ACOA to develop a greater awareness of common interest in Atlantic Canada and of the strengths to be found by marketing the region collectively. Two initiatives have been introduced:

1. **The Entrepreneurship Development Program** to implement the Agency's entrepreneurship development priority on a region-wide basis.
2. **The Economic Coordination and Integration Program** to promote economic growth by coordinating federal economic development activities and opportunities that are pan-Atlantic in nature.

The Maritime provinces (and in some cases, Newfoundland as well) have adopted an agenda for regional cooperation in a number of areas, including tourism development, trade development, technology, transportation, infrastructure and resource sector development.

The Atlantic region is in the forefront in developing common actions to eliminate trade barriers and develop joint procurement policies. ACOA, as the only federal economic development department in Atlantic Canada with a region-wide mandate, has a unique opportunity to encourage integrated development on the regional level.

CHAPTER THREE

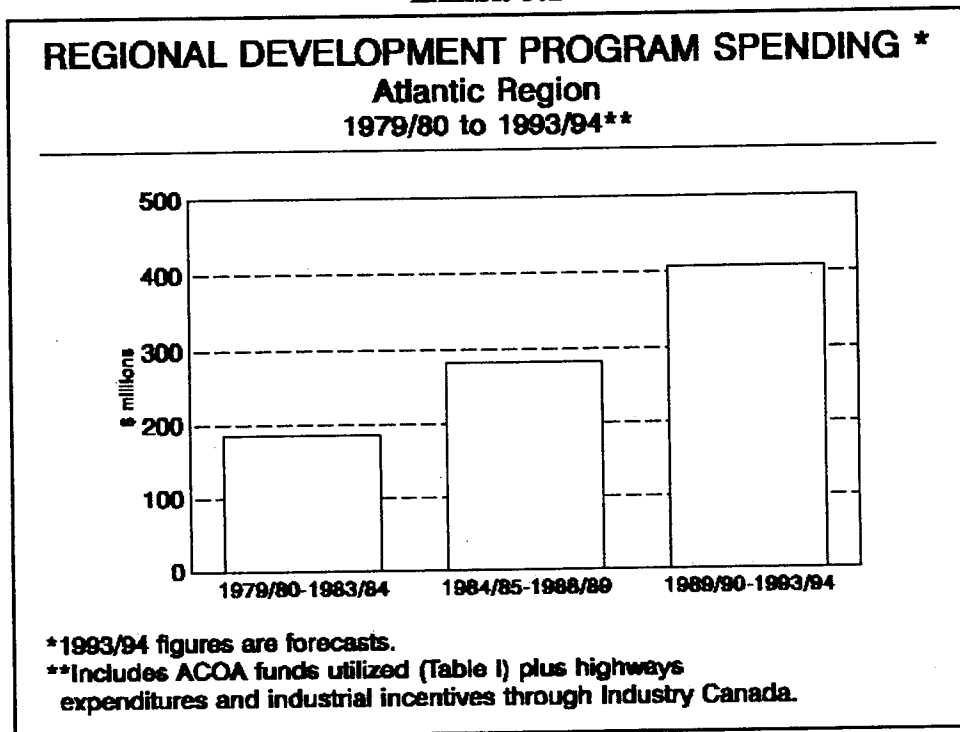
BENEFITS FOR THE REGION

REGIONAL DISPARITY

Since the creation of ACOA, Canadian regional economic development policy has focused on the objective of maximizing opportunities for growth in each of Canada's regions based on competitive strengths and with special emphasis on those regions with the most severe problems. Regional development expenditures are made to support opportunities in every province.

Because the bulk of federal spending has been directed towards supporting existing standards of living (e.g., unemployment insurance, equalization payments) rather than promoting new wealth and opportunity, regional development spending accounts for only a small fraction of total federal government spending. This fraction is less than 3% in 1992-93 in the Atlantic region. Thus, the resources directed to regional development are extremely small in relation to the problem. For example, average regional development expenditures over the period 1989-90 to 1993-94 (Exhibit 3.1) of just over \$400 million were little more than 1% of the total annual value of the Atlantic provinces' economy.

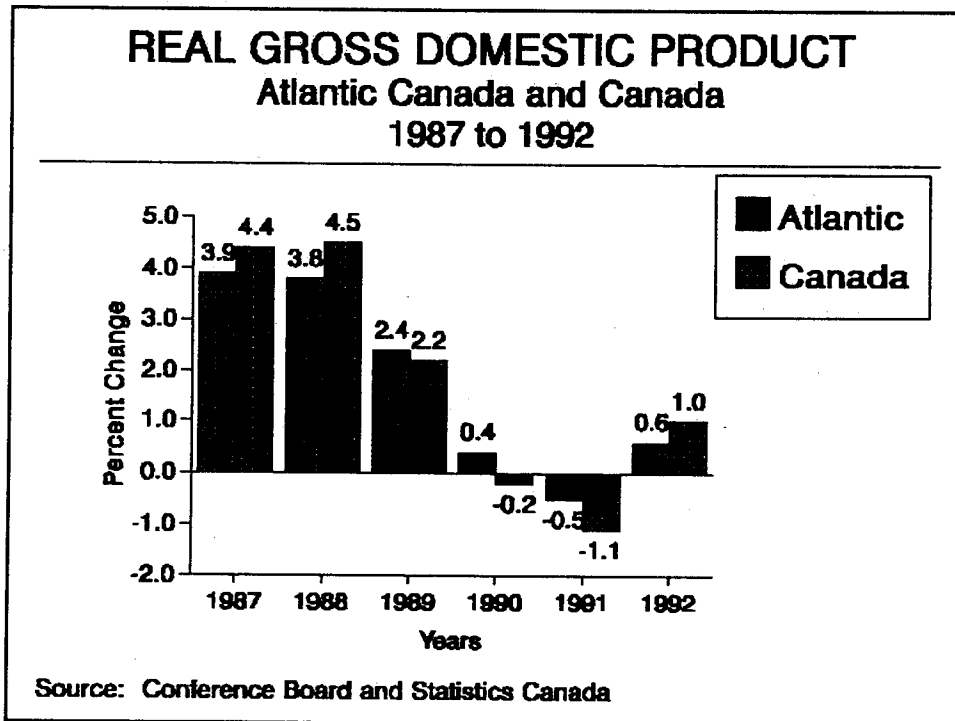
Exhibit 3.1



Substantial portions of regional development expenditures in the Atlantic region are directed toward improving the foundations and climate for economic growth (e.g., spending on highway infrastructure or on improvements to the region's educational infrastructure). These expenditures cannot be expected to produce significant benefits in the short to medium term. The Atlantic economy has experienced a double blow in the last three years. First, the region is experiencing severe structural adjustment with, for example, the virtual closure of the groundfish fishery, the closure of Canadian Forces bases, and restructuring and closures in the pulp and paper and mining industries, resulting in the loss of thousands of jobs. Second is the effects of the recession. Traditionally, the Atlantic region lags behind the rest of the country in recovering from recessions. Unemployment remains high across the country in what has been termed the "jobless" recovery and is especially severe in the Atlantic region.

In terms of the growth in real GDP, the Atlantic region has kept pace with the nation over the 1987-1992 period (Exhibit 3.2). In terms of real GDP per capita, the disparity gap was reduced somewhat. In 1992, real GDP per capita in the Atlantic region was 75.4% of the national level, up from 71.6% in 1987.

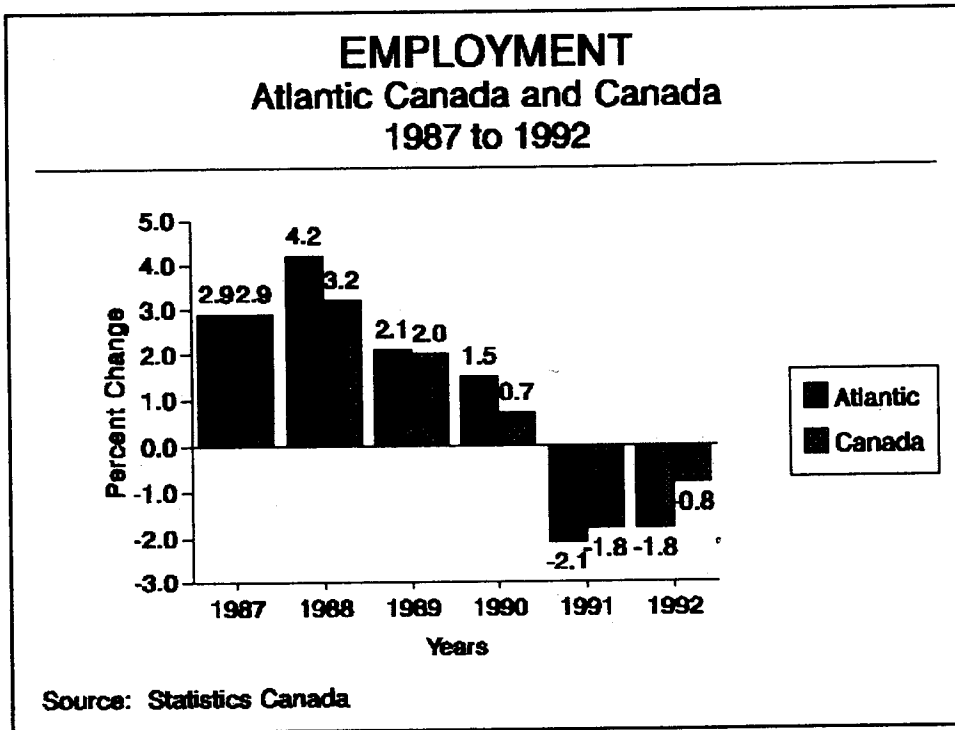
Exhibit 3.2



Over the 1987-92 period, the population growth in the region was less than for Canada as a whole. Net migration out of the region totalled almost 27,000 over the 1986-91 period, continuing a trend which has seen almost 250,000 people, a total equal to more than 10% of the current population, migrate from the region in the last 30 years.¹² In Newfoundland, over 20% of the current population has migrated in the last 30 years. The migrants tend to be younger and better educated than the average member of the labour force.

Employment growth over the 1987-1992 period averaged 1% in the Atlantic provinces, identical to the rate of growth for Canada as a whole (Exhibit 3.3). The unemployment rate averaged 14.9% in 1992, as compared to a national rate of 11.3%. The "gap" of 3.6 percentage points between the Canadian and Atlantic unemployment rates is the lowest it has been in 10 years.

Exhibit 3.3



¹²Source: Statistics Canada, Census.

ECONOMIC IMPACT OF THE COOPERATION AND ACTION PROGRAMS

The evaluations of the COOPERATION and Action Programs by Coopers & Lybrand and Price Waterhouse, respectively, provide estimates of the extent to which these activities have contributed to the growth of economic activity in the Atlantic region. Together, these two activities have accounted for over 85% of Agency expenditures, over the 1987-88 to 1992-93 period.

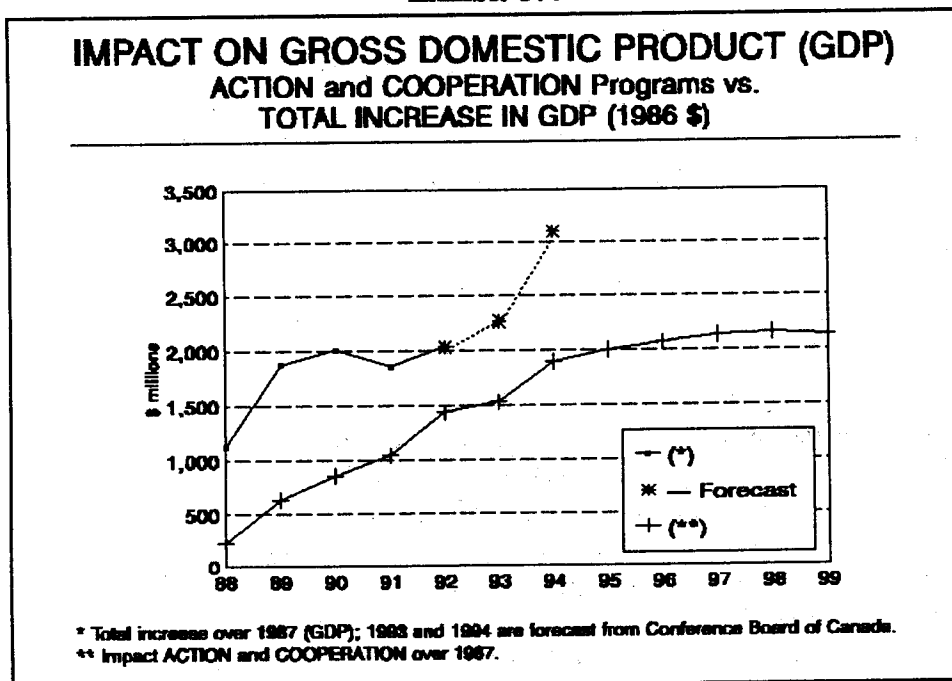
The evaluations estimate the direct impact of program expenditures on employment or value-added using, primarily, follow-up surveys of clients. The Conference Board's econometric model of the Atlantic economy is then used to translate these direct impacts into the total impact on the economy, taking into account things such as impacts on suppliers and the spending of wages.

It is important to note two features of the estimates. First, the estimates include only those impacts from investment which would not have occurred without the programs. For the Action Program, for example, the only impacts included are for the 43% of clients who would have cancelled their project if no support had been provided. Second, the estimates are additional to the impact resulting from an equivalent expenditure on transfers to persons (e.g., expenditures such as unemployment insurance). In the absence of ACOA expenditures to support productive investment and long-term employment, this type of support to the unemployed in the region would probably have been required. Therefore, the estimates isolate the net benefits of regional development spending over spending made just to maintain living standards.

Overall, it is felt that the estimates of economic benefit are balanced and realistic. It has not been possible to quantify any negative impacts on competitors of assisted businesses. However, assessment practices are in place to ensure that this impact is at the minimum consistent with the Agency's effort to foster overall competitiveness. Any impact is offset by the fact that no benefits have been assigned to those projects which would have been delayed (25% of total) or downsized (24% of total) without ACOA's assistance. Based on what is known about the lifecycle of small business, additional ACOA supported businesses will fail with time, but this is offset by the fact that no allowance has been made for a significant number of cases where the assets are put back into productive use without further Agency support.

Looking at the impact on GDP (Exhibit 3.4), by 1992 it is estimated that GDP is \$1.4 billion higher annually in constant 1986 dollars than it would have been if equivalent expenditures had been spent on unemployment insurance.¹³ Total Atlantic GDP is approximately \$2.2 billion, above the 1987 level. The Agency's programs have made important contributions to overall economic growth. In fact, the Agency's activity has accounted for about 85% of the narrowing in the disparity gap; as without this activity, the gap in GDP per capita would have narrowed only marginally from 71.6% of the Canadian average in 1987, to 72.2% in 1992. The Agency's activities have been especially important over the last two years, as overall growth has flattened out with the impact of the recession and restructuring in certain major sectors. What is more, the productive investments supported by the Agency's programs result in long-term impact, with the addition to GDP peaking at \$2.1 billion in 1997 without further expenditures beyond current commitments.

Exhibit 3.4

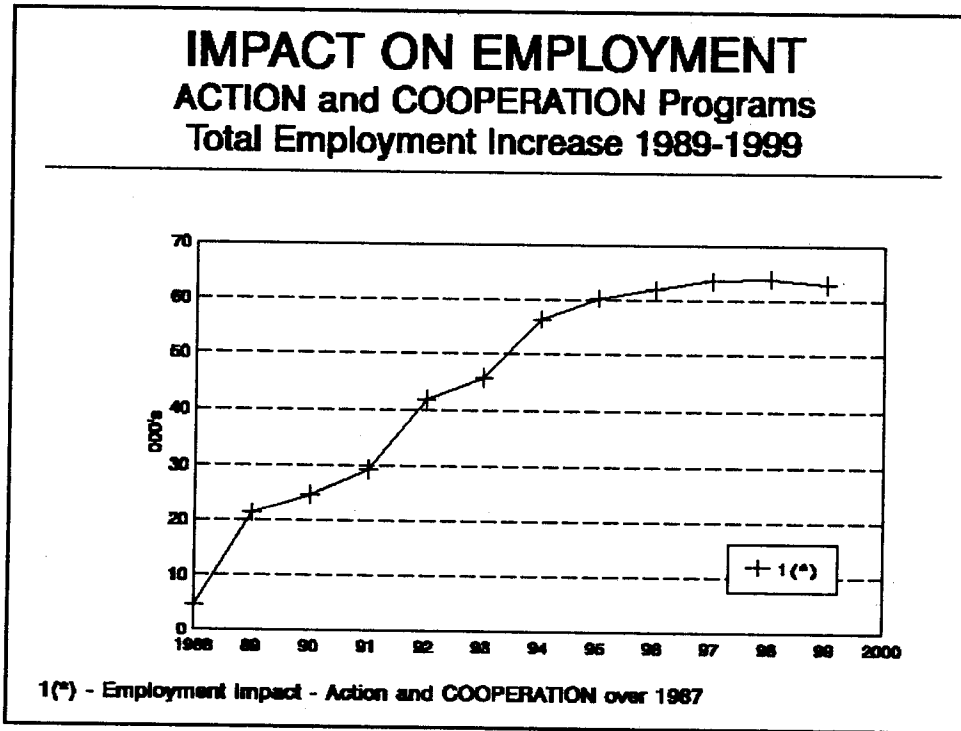


As one example, employment in businesses supported by the programs continues long after the front-end government support for the life of the production equipment. As another example, benefits from highway construction continue for the 20 to 25-year life of the improvement.

¹³Based on evaluations by Price Waterhouse and Coopers & Lybrand.

The two programs have also had a significant impact on employment creation in the region. As shown in Exhibit 3.5, the additional employment resulting from program expenditures is 42,000 by 1992 and will peak at about 64,000 by 1998.¹⁴ Additional employment from the COOPERATION Program is 31,000 and from the Action Program is 33,000. The unemployment rate is 1% lower in 1992 than it would have been without the Agency's activity. As with GDP, the impact of the Agency's activities has become especially important for employment creation in the last two years, as the Atlantic economy has suffered from severe adjustment crises in major industries. Agency activity has been responsible for significant job gains in expanding and newly-established companies. However, job losses, due to the recession and restructuring of the resource sectors, have largely offset gains in the last two years. For example, layoffs and closures among major employers alone total approximately 35,000 jobs over the last two years. Net employment growth has fallen short of what is required for the economy to achieve its potential and employ the available labour force.

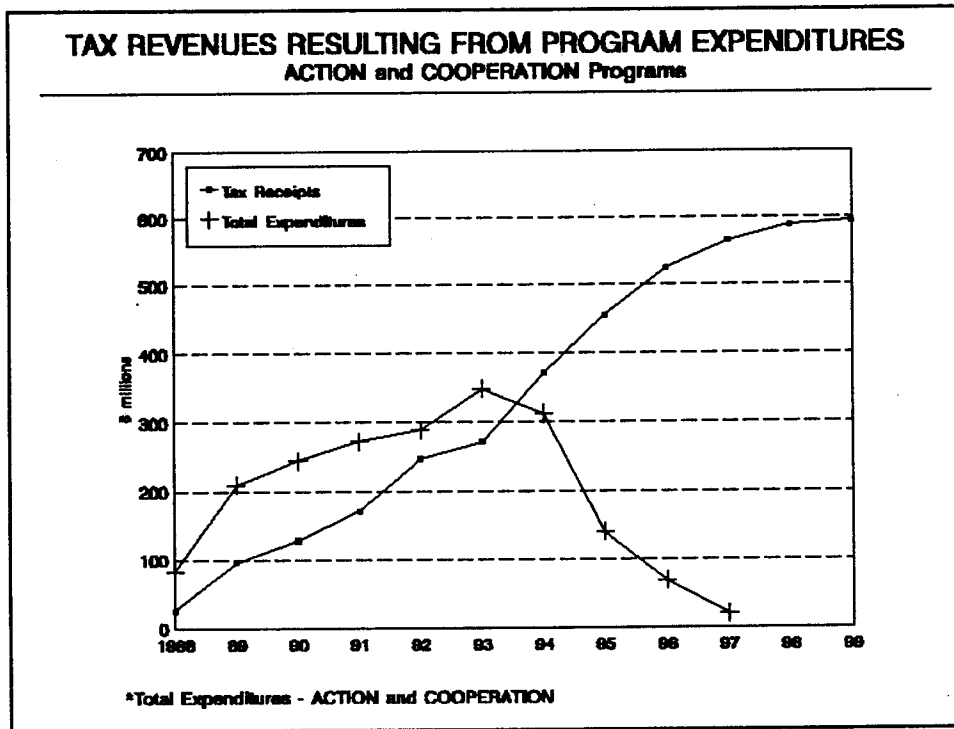
Exhibit 3.5



¹⁴Based on evaluations by Price Waterhouse and Coopers & Lybrand.

As shown in Exhibit 3.6, additional annual tax receipts resulting from the increased economic activity reached a level of \$240 million in 1992, as compared to program expenditures of \$290 million.¹⁵ Tax receipts will reach \$600 million in 1999 without further expenditures beyond current commitments. Over the 1987-1999 period, total tax revenues are forecasted at \$3.8 billion compared to \$2.0 billion in expenditures. Expenditures are only those made or projected to result from commitments as of March 31, 1993, and as such, do not include commitments that the Agency has made or will make beyond that date. Note that tax revenues are total federal and provincial taxes excluding corporate income taxes and that expenditures include both federal and provincial spending.

Exhibit 3.6



¹⁵Based on evaluations by Price Waterhouse and Coopers & Lybrand.

DEVELOPMENT IMPACTS - EXAMPLES FROM ECONOMIC SECTORS

Perhaps the best appreciation of the total impact of Agency activities on the economic development of the region is obtained by looking at a few of the economic sectors where ACOA has made major investments. As outlined earlier, the present direction of regional policy goes beyond a concern with disparities to measures aimed at assisting the regions to attain their potential by removing structural barriers to growth. In the examples that follow, the economic impacts are described, as well as examples of how ACOA leadership, advocacy and support have encouraged the private sector to develop alliances and partnerships to take charge of its own development and lessen reliance on government support. Alliances to share information and expertise can overcome the disadvantages a regional business faces because of the low density of population and remoteness from major markets and suppliers. In addition, there are examples of how the Agency's support is becoming increasingly focused on the strategic priorities for success in the global economy, such as marketing and the application of technology. These examples also show how the Agency's support has strengthened the economic activity in specific geographical regions.

- **Tourism - Cape Breton**

The difficulties of the recession have not spared the tourism sector on any basis, locally, provincially or nationally. However, the demands of tough economic times have forced those involved in the tourism industry to assess, focus and meet some new challenges. There has been an increased willingness by local owners and operators to work collaboratively on more cooperative projects than ever before.

Cape Breton's tourism industry has weathered the recession reasonably well and has proven to be an area for growth potential. As of the 1992 season, tourism accounts for the equivalent of 3,900 full-time jobs and \$160 million in revenue. The tourism industry in Cape Breton has shown strong growth in the last two years, outperforming the industry both at the provincial and national levels.

This sustained growth in the tourism sector has been accomplished through a concerted effort by the private sector and government agencies such as ACOA and Enterprise Cape Breton Corporation (ECBC). Over the past five years, ACOA has provided \$7.3 million in contribution assistance, as well as \$1.2 million in loan insurance for projects undertaken throughout Cape Breton. This funding has levered \$13.9 million in private sector investment and has created and/or maintained over 350 jobs, representing a 10% growth in the region's tourism employment.

The major emphasis of ACOA's contribution has been the modernization and upgrading of tourist facilities throughout Cape Breton Island in order to improve their competitiveness. In addition, there has been a focus on marketing initiatives. These efforts have increased awareness of the Cape Breton product and have translated into increased enquiries and tourist visits. Enquiries are on the rise and, in fact, have doubled over the last year.

"I believe, as do many of my colleagues in the tourism industry, that the presence of ACOA on Cape Breton Island has had a very positive effect. They have helped us grow in our industry and in our business. We have been able to expand our business as you have helped expand our markets. ACOA has given us the opportunity to better compete in this more complex marketplace."

*Robert Wambolt, President
Cape Breton Tourist Association*

• **Nova Scotia Software Industry**

ACOA has been a major factor in the growth of the Nova Scotia software industry. The Agency's support focused on innovation projects by companies to develop new software products and support for marketing. About \$18 million in assistance has gone to 100 firms. The industry has recorded rapid growth in the past few years. Currently, the industry produces revenues of \$60 million annually from software development, about half of total revenues of \$120 million, and employs up to 900 people.¹⁶ Software is a product that can be readily sold in any geographic market by a company located anywhere in the world. More than half of the companies generate sales in export markets.

"The 'heady' success that we are starting to enjoy has been the direct result of focusing on sales and marketing. To this extent, ACOA has been extremely helpful and lent us money at a time when we simply could not afford to even attempt the marketing program that we needed to boost sales."

*Ralph Barhydt, President and CEO
TGS Systems
Halifax Daily News
September 24, 1993*

¹⁶Nova Scotia Software Industry Study, Lawrence & Milley Consultants Inc., 1993.

Recognizing that small companies in the industry could gain considerable leverage by pooling their resources, ACOA and the Province of Nova Scotia are partnering with the Software Industry Association of Nova Scotia (SIANS) under the Canada-Nova Scotia Technology Development COOPERATION Agreement. The SIANS will be implementing a growth strategy for the industry, focusing on promoting more effective marketing in order to increase sales in export markets. Marketing knowledge, expertise and marketing management have been identified by the industry as the critical factors for success. SIANS will concentrate on developing linkages and alliances to promote the transfer of information and expertise.

"Your comments were interesting, timely and appreciated. I feel our membership, and the industry in general, has benefited significantly from the support provided by ACOA. Your commitment of continued support is encouraging."

*John D. MacCulloch
Executive Director
Software Industry Association of Nova Scotia
September 1, 1992*

- **Biotechnology - Prince Edward Island**

In the past few years, an industry has emerged built around health systems for the aquaculture industry and diagnostic health-testing kits and systems for hospital and medical use. The majority of industry sales are to export markets.

ACOA has played a major role in the development of the industry through direct support to business for product development and marketing. In addition, the Agency has worked with partners to develop expertise to support companies. For example, support has been provided to the P.E.I. Food Technology Centre. The Atlantic Veterinary College, an initiative of the Council of Maritime Premiers, and Agriculture Canada's new pathology laboratory complete the complex of support services. The important companies in the industry are now well established in international markets. The products and expertise developed in serving the region's growing aquaculture industry provide an important competitive advantage in serving the growing world market for disease-prevention products.

"We've been expanding our business for a number of years and ACOA has been receptive to our needs and a partner in our success. We certainly have appreciated their support through the years."

*Regis Duffy, Owner
Diagnostic Chemicals Ltd.
West Royalty, Prince Edward Island*

- **Softwood Sawmill Industry - Nova Scotia**

Following a shipment of lumber from Canada infested with pinewood nematode in 1990, the European Commission (EC) announced a ban on all imported lumber effective January 1, 1993. The only exception was to be lumber which had been kiln-dried or heat-treated. The proposed EC ban represented a serious threat to the Nova Scotia industry, as close to 25% of production is exported to Europe. Most mills are located in rural areas where there are very few employment alternatives.

Since 1990, ACOA, in line with the national forest policy, has provided assistance to several mills to acquire dry-kiln facilities. ACOA support has been a key factor in the mills' investment decisions, given the estimated average cost per kiln of \$600,000. As a result, kiln-drying capacity has reached 33% of lumber capacity, up from 5% only five years ago. ACOA assistance has enabled the industry to retain its export markets, maintaining the approximately 500 export dependant jobs in this 1,500 to 2,000 jobs industry, and up to \$35 million in export sales.

- **Salmon Aquaculture - New Brunswick**

There are few better examples of the benefits to be obtained from government risk-sharing with the private sector than aquaculture, a business where the risks are high but where success can lead to significant economic benefits. ACOA's support to New Brunswick's salmon aquaculture entrepreneurs has been crucial to the growth of the industry. Start-up risks are high because of the dangers of crop losses from disease. Working capital needs are large because at least 18 months is required for the first crop. Marketing is also high-risk, as 75%-80% of the product is exported. Conventional commercial lenders cannot provide all the financing required. ACOA's approach has recognized that industry viability depends on the balanced growth of all major inputs. Through its Action and COOPERATION Programs, ACOA has provided some \$17 million of a total of \$20 million in total government support to grow-out sites (approximately \$6 million), processors, feed producers, cage and net manufacturers, hatcheries, and research and technology transfer facilities.

CHAPTER THREE

The salmon aquaculture industry has grown from one farm in 1978 to over 60 sites with a total landed value exceeding \$100 million annually. There are about 500 people directly employed in farming operations and approximately 1,000 employed in spin-off industries such as fish feed production, fish processing, cage and net production and health and diagnostic services. The industry also benefits from excellent research and technology transfer facilities, including the St. Andrews biotechnology research centre of Fisheries and Oceans Canada, the Huntsman Marine Science Centre, the Atlantic Salmon Federation and the Atlantic Salmon Demonstration and Development Farm run by the New Brunswick Salmon Growers Association and the New Brunswick Research and Productivity Council.

The industry is rapidly developing a critical mass of players which is taking charge of its own development. In addition to research facilities and small family-run businesses, there are a number of large operations backed by multinational owners who bring expertise and financing to the industry. The Agency has learned from the experience on Canada's west coast and Norway where many large projects have failed. As a result, ACOA has favoured modest and prudent investment with the average assistance to farms being less than \$100,000. The industry's financial record has been exceptional with no reported failures among farmers to date.

There is considerable potential for an increase in salmon production based on the strengths of the industry in terms of high-product quality, competitive production costs and access to technical knowledge, as well as proximity to the large eastern U.S. market.

"The aquaculture industry has given a great boost to this area. There's a tremendous amount of employment created, and even though we've gone through a recession, there's a feeling of optimism here."

*Vance Craig, Former Mayor
St. George, New Brunswick
Globe and Mail, Report on Business, August 1993*

"We probably have the most stable and profitable aquaculture business in North America. It's well developed because it was well planned by industry and the federal and provincial agencies and we have good farmers."

*Bill Thompson, General Manager
New Brunswick Salmon Growers Association
Globe and Mail, Report on Business, August 1993*

- **Food Processing - Prince Edward Island**

Since 1990, ACOA and the Province of Prince Edward Island have levered about \$100 million of investment in the province's potato processing industry with a \$30 million investment in waste treatment facilities cost-shared 70/30, ACOA- Province of P.E.I., under the ERDA and COOPERATION agreements. The waste treatment facilities are owned by a provincial Crown agency and 100% of the operating costs of the facilities are paid for by the industry. This investment has enabled the establishment and expansion of world-class facilities on P.E.I. Exports account for about 95% of production. Employment has increased by approximately 40% to total over 900 persons. This investment and growth have added value to exported production and have profoundly changed the face of the potato industry in P.E.I. The portion of the potato acreage going to processing has increased by about 50% to 24,000 acres and the potential exists for a doubling to 32,000 acres of the 80,000 total potato acreage. The Fixed Link will lower transportation costs and help improve the competitive position and growth potential of the industry.

- **Growth of High Technology Firms - Newfoundland**

The emergence and growth of high technology firms in the St. John's area are excellent examples of how ACOA has used all its program tools in partnership with the private sector to help capture growth opportunities. Agency support has been directed to the priorities of marketing and technology development and transfer. The growth in the high technology sector originated with the development of technology to exploit Newfoundland's competitive strengths in the area of ocean industries.

An important source of funding for the necessary infrastructure to support the private sector is the \$300 million Canada-Newfoundland Offshore Development Fund. In excess of \$100 million has been invested in infrastructure that includes wave generation, centrifuge modelling and marine simulation training. ACOA, through its Advocacy and Coordination roles, has been instrumental in bringing the resources of other government departments, notably, Natural Resources Canada, the Natural Sciences and Engineering Research Council and the National Research Council (NRC), to the support of the high technology sector. One example is the funding of the NRC's wave generator in St. John's. NRC's facility was successful in its bid to perform large-scale model testing for the Hibernia gravity base structure. In addition, the facility was awarded a contract in excess of \$350,000 to perform subsidence tests on Phillips Petroleum EKOFISK field in the Norwegian sector of the North Sea.

Again through its Advocacy role, ACOA has worked to ensure that the Hibernia project results in a maximum of benefits to the high technology sector. An emphasis has been

placed on supporting firms in marketing to the global market. The Newfoundland Ocean Industries Association (NOIA), a group of over 300 companies, has received support from ACOA to assist its members to capture business opportunities in the ocean industries and, in particular, the oil and gas industry. Forty percent of NOIA's member companies are involved in high technology export sales. In partnership with ACOA, NOIA has pursued the maximization of offshore benefits to Atlantic Canada by co-sponsoring, along with Hibernia Management and Development Company, a series of information seminars in Atlantic Canada outlining offshore opportunities available to local firms.

ACOA has been the catalyst for the establishment of high technology firms, as well as for institutional infrastructure to support and complement this growth area. In order to obtain maximum leverage from investments, the Agency has encouraged strategic alliances and joint ventures with foreign partners to provide access to expertise, financing and markets.

One example is Glamox Canada Limited, formed in August 1991 as a joint venture with Glamox A/S of Norway (49%) and Mike Palmer of St. John's (51%). Glamox Canada Limited owns the marketing and manufacturing rights to all Glamox lighting products sold in North America. Glamox Canada Limited has a manufacturing operation in Trepassey, an engineering design and sales office in St. John's and has 30 employees.

Ultimateast Data Communications Limited was established in 1986 by the two original employees to provide communication products and services to the marine industry. Ultimateast and its sister company, Sea Link Limited (formed in 1987), have since experienced a significant increase in sales and have grown to about 55 employees, most of whom are very highly skilled. Ultimateast and Sea Link provide sales and service to countries all over the world and a significant amount of their revenues are derived from export sales.

Ultimateast Data Communications Limited has developed a number of satellite and ground wave communications products. Ultimateast Data Communications Limited and Sea Link Limited have signed international agreements with strategic partners that positioned them to enjoy significant growth in the future.

Major support on the institutional front has included, in partnership with Communications Canada, funding to the Canadian Centre for Marine Communications (CCMC), resulting in the creation of some 15 positions. CCMC makes state-of-the-art communications expertise and equipment facilities available to its member companies and also acts as a liaison in assisting its member companies in accessing the communications services of federal government departments.

Also, Seabright Corporation Limited has received ACOA funding which allowed for the creation of some 10 positions. Seabright's mandate is to transfer the technology developed at Memorial University of Newfoundland to industrial sectors and to commercialize university-based research through licensing arrangements, technology transfer agreements and the formation of new companies.

"We are pleased that ACOA has recognized the potential our company has in the international marketplace. The Agency has been of assistance to us in the past and our current success in some measure is due to their support."

*Derrick Rowe, President
Neweast Technologies Inc.
St. John's, Newfoundland*

- **Information Technology Industry - New Brunswick**

The information technology sector includes companies that design and manufacture telecommunications and microelectronic equipment, computers and software, and that provide computer and telecommunication services. In New Brunswick, the information technology sector is also complemented by a strong engineering consulting sector, and indeed many of the information technology companies have spun off from these firms. ACOA has strongly supported the information technology and engineering consulting sectors by providing about \$70 million of assistance to 240 firms, most of them being small firms with a highly educated labour force, which have created and maintained approximately 1,000 jobs. The total investment by the industry has been \$170 million. Sales generated from assisted firms are estimated at \$146.7 million domestic and \$36.4 million in export sales.

New Brunswick has leading-edge telecommunication technology and a core of sophisticated data processing companies. Products and services from New Brunswick information technology are found in telecommunications, nuclear and geographical information systems; courseware products such as computer-based training; artificial intelligence applications; and services in data processing and long-distance education. The bilingual character of the province has also generated computer-based translation capacity supported by a strong linguistic department at l'Université de Moncton. These products and services are marketed internationally and contribute to replace part of Atlantic Canada's declining commodity exports. In software alone, New Brunswick firms had a revenue of about \$167.5 million in 1992.

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The industry benefits from a highly developed network of research and development centres of excellence, many of which have been supported by ACOA. These include the New Brunswick Research and Productivity Council, Artificial Intelligence Laboratory, Geosciences Information Systems Laboratory, CADMI Microelectronics, Ocean Mapping Group, and the New Brunswick universities and community colleges research facilities and training programs.

"ACOA's advocacy activities on Datacor's behalf have been key to Datacor's success in winning a major \$20 million, five-year computer processing contract in 1991."

*J. R. Percy, (Former) President and CEO
Datacor Atlantic Inc.
Moncton, New Brunswick*

BUILDING FOUNDATIONS FOR GROWTH

The impact of the Agency's activities cannot be measured only in terms of increased income and employment. Much of ACOA's support is directed towards putting in place the infrastructure or tools necessary for people to build economic activity. This is especially true in rural areas where access to business information and expertise is limited.

- **The ACOA/Enterprise Network**

The ACOA/Enterprise Network is a \$7.1 million information technology project funded under the COOPERATION Program, in partnership with the Enterprise Newfoundland and Labrador Corporation. It was originally conceived and designed to stimulate entrepreneurship in rural areas by providing information through six regional telecentres to assist in identifying and developing business opportunities. Its success has enabled it to branch out from providing access to business information databases to a number of other services. For example, the Network is mounting an "Ask the Expert" service which will enable clients to consult experts who have agreed to donate their time. The Network has initiated a technology alliance project, linking technology companies in Newfoundland with national research institutes in Ottawa and Montreal.

Exposure to the ACOA/Enterprise Network services has paid off in the development of business opportunities in the information technology industry. For example, the Network's first private user, a Labrador company, has recently signed a contract to develop software.

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A private digitizing service has been established at Milltown, Bay d'Espoir, employing over 20 people and serving export markets. Several other projects are in development.

A good example of the partnering which characterizes the ACOA/Enterprise Network is an agreement by which the Newfoundland Department of Social Services pays the salary costs of social services recipients while they learn to become information assistants.

The ACOA/Enterprise Network is a model of how information technology can be popularized and managed in a rural context. Targeting an audience almost 100% computer illiterate to begin with, the Network has succeeded, in just three years, in generating a client base of 350 full network users and 1,000 users connected by mail link. A survey of clients indicates that the ACOA/Enterprise Network has successfully promoted information technology as a more efficient way of doing business in rural areas to the point where clients are prepared to pay for the service rather than lose it.

"I personally believe that the services offered by the ACOA/Enterprise Network must be retained, if those living in rural Newfoundland are to compete on a level playing field."

*C. M. Ennis, Executive Director
Community Futures Committee
Baie Verte Peninsula, Newfoundland*

• **Consult'Action Chaleur**

In 1991, as a means to help the Northeast New Brunswick Chaleur area, the Nepisiguit Economic Conference recommended that business support organizations and departments be brought together under the same roof. The idea was picked up by the Chaleur Regional Development Commission and now the Consult'Action Chaleur located in Bathurst brings together the local offices or representatives of 11 federal, provincial, municipal and business organizations.

Located in Consult'Action Chaleur are:

- local organizations such as the Chaleur Regional Development Commission, the Bathurst Chamber of Commerce, the Nepisiguit Community Futures Committee and the Bathurst Downtown Revitalization Corporation;
- the ACOA Bathurst office and regional offices of the Regional Development Corporation and Research and Productivity Council; and

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- representatives of the provincial Department of Economic Development and Tourism, the Entrepreneurship Centre, Revenue Canada and the Federal Business Development Bank.

Besides providing support through its Action and COOPERATION Programs, ACOA is proud to have been a close partner in this venture where the leadership remains in the community itself.

The Consult'Action Centre is becoming the main consultation centre for the Chaleur region's enterprises where major business groups can be reached at the same location and at the same phone number. Reaction from the business community is a good indication that such an experience is welcome and could serve as a model for other smaller centres or rural communities where coordinated and shared services can make operations more cost-efficient and improve the quality and level of services available.

"Imagine the strength of the consultation that will be provided by such a regrouping. It will become the best ally of our business people and should contribute to the success of our businesses."

*Raymond Landry, First Vice-President
Chaleur Regional Development Commission
Info-Affaires, October 1993, Number 2, Volume 5*

PROVIDING LEADERSHIP TO THE REGION

ACOA is in a unique position to provide leadership on a region-wide basis by identifying development priorities of concern across the region and bringing together all parties to work on a coordinated regional approach.

- **Atlantic Geomatics Alliance**

The Atlantic Geomatics Alliance is one example of how ACOA has taken a leadership position to identify development priorities on a region-wide basis and coordinate efforts across the region. In this case, the activity relates to ACOA's technology priority by developing strategic technologies where the Atlantic region has a competitive edge and by facilitating spin-off activities.

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The Alliance is a working relationship between the Champlain Institute, the Geomatics Industry Association of New Brunswick, the Geomatics Association of Nova Scotia, the Newfoundland Association of Technical Industries and ACOA. It seeks to develop an internationally competitive geomatics industry in Atlantic Canada that can compete successfully on domestic and foreign markets. The world market for new geomatics information system hardware, software and services has been estimated to be about \$5 billion and growing at a rate of about 20% annually.

Atlantic Canada has exceptional capabilities in the geomatics field and has received international recognition as a pioneer in the application of geomatics in areas such as the management of land records, natural resources and marine information. The regional industry is comprised of about 60 small firms, many with world-class expertise, but most lacking the resources to capture export markets. There is potential for this industry to become a world-class competitor. However, the size and low growth rate of the Atlantic Canada market meant that a catalyst was needed in this industry to develop the critical mass required.

A major objective of the Alliance has been to provide this catalyst. Another objective of this initiative has been to encourage the formation of private sector consortia and joint ventures in order for the industry to build the strong project teams necessary to pursue international markets. An important element is for firms to team up with government agencies, research institutions and universities that have both geomatics expertise and a need for geomatics products. The geomatics initiative has been very successful in meeting both of these objectives on a region-wide basis.

"The assistance of the Atlantic Geomatics Alliance and funding from the Atlantic Canada Opportunities Agency facilitated the creation of the consortium and establishment of the project. Ongoing development of the products and completion of the LRMI implementation in Atlantic Canada will be funded by product sales and redirection of participating agency operating budgets. However, the seed money from ACOA, to get the ball rolling, made the Project possible."

*Atlantic Canada LRMI Consortium
(a consortium of: ESRI Canada, Toronto; Eastcan,
Halifax; Geoplan, Fredericton; and Atlantic
Geomatics Research, Sydney)
November 1992*

• **Entrepreneurship Development**

Entrepreneurship development is at the heart of ACOA's mission. The Agency stresses the importance of making entrepreneurship a stated objective of regional development through initiatives which create enhanced awareness, build entrepreneur networks, support development and delivery of entrepreneurship instructional and training materials, support policy analysis and research, and coordinate entrepreneur-related activity by other federal and provincial departments.

ACOA is playing a key leadership role in bringing together private sector organizations, the provinces and the other federal departments with complementary mandates to animate an Atlantic-wide focus on entrepreneurship development. ACOA has hosted three Entrepreneurship Development Workshops to exchange innovative approaches and practices in the development and delivery of entrepreneurship development projects, programs and activities. ACOA co-hosted and co-sponsored two National Policymakers' Forums on Women as Entrepreneurs, an interdepartmental forum on Entrepreneurship Development with key federal departments and a regional Federal-Provincial Forum on Small Business and Entrepreneurship which brought together key relevant federal and provincial departments in Atlantic Canada.

ACOA's support for private sector initiatives has proven successful in promoting entrepreneurship. A project with the Conseil économique du Nouveau-Brunswick and other private organizations resulted in an educational television series "Posséder mon entreprise" aired by Radio Canada in 1991 and 1992 reaching nearly 8,000 French-speaking Atlantic Canadians.¹⁷ A similar educational series in English was aired by the Atlantic Satellite Network (ASN) in 1993. In total, over 650 people have registered to follow this series and to work on their own business plans. Maritime Independent Television (MITV) is airing the third season of the very successful "Leading Edge" television series which profiles regional business owners. Over 20,000 persons watch this television series on a weekly basis. The Atlantic Canada Entrepreneur Awards Association, a partnership between ACOA and eight private sector organizations, has held two ceremonies to reward successful entrepreneurs. The number of schools offering courses in entrepreneurship is rapidly increasing. Other projects encourage student venture activity, venture creation in the community, small business counselling and entrepreneurship training, and development of resource material for use in educational institutions. More than 5,000 Atlantic Canadians responded to ACOA's entrepreneurship ad campaign on how to start a business, indicating a strong latent demand.

¹⁷Bureau of Broadcast Measurement.

These initiatives appear to be paying off. Surveys reveal that there has been a steady increase in the "intent" of Atlantic Canadians to "start their own business within the next two years", from 7% of the population in 1991 to 12% in 1993.¹⁸ Based on Statistics Canada data, the number of self-employed has increased by 7.3% in Atlantic Canada from 1989 to 1991, as compared to 4.8% for Canada.

"I believe there are so many deserving companies that can win this award...the award is not mine; the employees all know that. I definitely would not accept it on my behalf because I know I don't deserve it without their backing - the employees feel very proud. It is their award ..."

*Normand Caissie
Imperial Sheet Metal, Richibucto, New Brunswick
1993 Atlantic Canada Entrepreneurship Awards*

PARTNERSHIPS WITH UNIVERSITIES AND RESEARCH CENTRES

- **Alliance with University College of Cape Breton**

ECBC/ACOA has developed an extensive network of contacts and an alliance with the University College of Cape Breton (UCCB) through a Memorandum of Understanding. Programs have been developed and assistance given to provide support infrastructure for local companies and to expose students to business and technology. In addition, demonstration pilot projects have been undertaken and industry advisory groups established in cooperation with UCCB. These activities have led to the development of new products and services and incremental contracts, an increase in applied research and development activity, development of new programs for youth and an increase in business and university networking.

¹⁸CRA Regional Omnibus Survey Quarterly Report, 3rd quarter, 1993.

"The linking of UCCB and ECBC through the MOU has been a positive step in the process of revitalizing Cape Breton's economy. While the concept of combining available resources to work towards a common goal is basic and direct; the MOU's effect can be far reaching because it focuses on matching capabilities to requirements."

*Nick Coyle
President and Chief Executive Officer
Micronav International*

- **The New Brunswick Research and Productivity Council**

The Atlantic Canada business community is primarily formed of SMEs with little in-house capability for R&D or innovative ventures. Only a few larger companies with their head office situated in the region undertake the riskier and longer-term investment needed for such initiatives. Pools of specialized knowledge and R&D experts can be found, however, in the universities and research centres which remain, for the most part, closely tied to educational institutions. ACOA has invested substantially to strengthen the research and innovation capacity of these groups to increase the level of expertise and build bridges between businesses, universities and research centres. An example is the support provided for the New Brunswick Research and Productivity Council (RPC) for its Revitalization Program. Objectives were to increase services to SMEs in all regions of New Brunswick and to improve financial viability. Volume, value and quality of work performed for SMEs have increased dramatically under the Revitalization Program. Annual volume increased from \$0.8 million in 1988 to \$2.6 million in 1992-93. Work for SMEs grew from 14 percent to 42 percent of total contract income. Half of the clients are from service sectors and there is a broader geographic distribution of RPC clients across the province. New services were introduced. Dependence on government contracts has decreased substantially and industrial work represents 76 percent of total contract income. Gains in financial viability were achieved from efforts to seek new business, improved management, an improved projection system, and prompt action to cut costs.

- **Canadian Centre for Fisheries Innovation**

In Newfoundland, the Canadian Centre for Fisheries Innovation (CCFI) was established to create linkages between Memorial University of Newfoundland (MUN), the Marine Institute and the fishing industry to enhance the competitiveness of firms in that industry. The goal of the CCFI was to generate, within five years, some \$19.0 million of R&D spending. A significant portion of the investment was to be generated by the private sector of the fishing industry where research has traditionally been lower than average. The Centre has achieved

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this goal in four years of operation and in so doing has generated over \$2.8 million in private sector sponsorship of research. Direct funding was provided by 85 private sector firms to some 135 CCFI research projects.

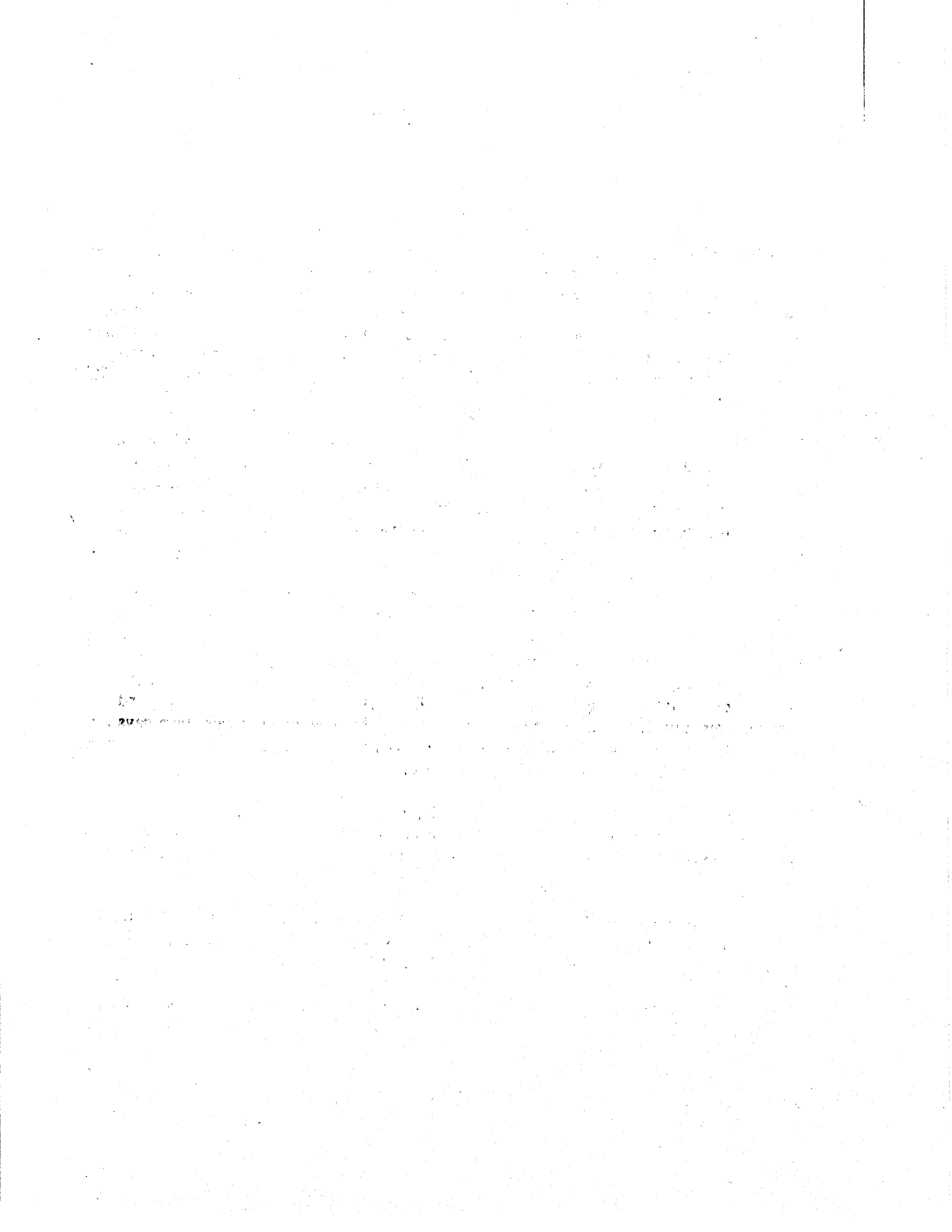
While the CCFI has an experienced professional and technical staff to work with the private sector, the real strength of the Centre is its ability to access the expertise of the MUN/Marine Institute. The CCFI is widely regarded as a repository of useful information about the fishing industry. Its mission specifically guides the Centre to apply fisheries-related expertise in MUN/Marine Institute to the problems of the fishing industry.

- **Food Research Centre - New Brunswick**

Food processing, primarily based on the fisheries and agricultural resources of the region, comprises the largest number of firms in the Atlantic Canada manufacturing sector. Much work has been done over the years to bring more value-added to these primary resources and, with the increasing number of food processing plants, comes the need to improve on the quality of the products as well as to develop new ones. The Food Research Centre based at l'Université de Moncton is one of the research centres which contributes to the development and strengthening of the food industry. It offers research and technical services in the development and testing of new products and offers information and solutions to problems met by the food industry. A survey of the Centre's clients shows the increase of the firms' competitiveness as the major impact that the Centre has had on the businesses using its services.

"The Food Research Centre offers services as diverse as research and development, information, food analysis and technical support and we welcome business leaders with new ideas and projects in food research. Now that we have the expertise, I dream of the day when entrepreneurs will come and establish their businesses here to develop and market new food products."

*Sister Auréa Cormier, Executive Director
Food Research Centre
Université de Moncton, New Brunswick*



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CONCLUSIONS

Over the last three years, the Atlantic region economy has suffered from a double blow: the recession and severe adjustment in resource-based industries, especially the fishery. Employment nationally has been slow to recover from the recession. The problem is particularly severe in the Atlantic region with unemployment currently over 15%. Despite the impact of the recession and the severe problems of the fishery, the growth of the Atlantic economy has matched that for the country as a whole over the 1987-92 period. In terms of GDP per capita, the gap has closed somewhat, from 71.6% of the Canadian average in 1987 to 75.4% in 1992.

The resources devoted to regional development have been small relative to the size of the problem. Funds utilized by ACOA in 1992-93 amount to less than 3% of total federal spending in the region. External evaluations of the economic impact of the Action and COOPERATION Programs, which together account for over 85% of the Agency's expenditures, demonstrate that Agency activity has made a major contribution to economic growth. These programs have resulted in an increase in 42,000 jobs over the 1987-92 period. The annual impact of these programs on GDP had reached \$1.4 billion by 1992. Agency activity accounted for about 85% of the narrowing of the disparity gap, as without Agency activity, the disparity gap in GDP per capita would have narrowed only marginally from 71.6% of the Canada average in 1987, to 72.2% in 1992. By 1992, the unemployment rate is 1% lower than it would have been without the Agency's activity. What is more, the productive investments supported by the Agency's programs result in long-term impact, with the addition to GDP peaking at \$2.1 billion in 1997 without further expenditures beyond current commitments. In terms of tax revenues alone, the programming more than pays for itself, as tax revenues over the 1987-99 period are projected to total \$3.8 billion as compared to \$2.0 billion in expenditures actual and projected.

At the time of ACOA's creation, regional development policy moved from a focus on disparities between regions to an approach designed to assist all regions to realize their economic potential. ACOA was expected to assist the region in overcoming severe structural problems in a number of areas.

The major expectation for ACOA was that it should stimulate entrepreneurship and small business development. The need for an improved decision-making process on applications for support was identified. At a time when the Atlantic economy was still struggling to emerge from the downturn of the early 1980s, ACOA was able to quickly put in place a small business support program tailored to the needs of the region. The application process was simplified for smaller projects. Decision-making authority was highly decentralized and

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front-line managers were empowered to assist entrepreneurs to turn their viable business ideas into reality.

The evaluation of the Action Program demonstrated that 85% of business clients found the information requirements easy to fulfil. In contrast, evaluation of the earlier IRDP reported that only 65% of clients found the application process easy.

"Well, ACOA's been a success story for New Brunswick and I believe for the rest of Canada. In spite of the fact that it has gone through growing pains, it's been an important instrument for progress here."

*Premier Frank McKenna
September 2, 1992
Fredericton, New Brunswick*

ACOA's Programs have targeted small and medium-sized businesses. Since 1989, over 75% of Action Program support has gone to projects under \$1 million in costs. Applications are over eight times the level of earlier programs. More than 80% of entrepreneurs supported by the Action and COOPERATION Programs indicated that their project was successful in meeting objectives. In addition, the success rate of ACOA-assisted projects is well above that for projects not supported by the Agency. Over 90% of new businesses established with ACOA support are successful, while close to 52% of new businesses in Atlantic Canada fail within the first three years of operation. By helping business succeed, ACOA has contributed to optimism and a new sense of confidence in the region as a place to do business.

Despite the Agency's contribution programs, the success of Atlantic business is constrained in part by a lack of equity capital. The supply of venture capital would have to at least double just to make it comparable to that available in Central Canada. ACOA has not yet effectively addressed the need to increase the supply of venture capital from private sources.

The Agency has introduced, on a pilot basis, a program to support training by Atlantic business. However, no appreciable increase in training activity has yet resulted. Given the importance of training for competitiveness and success, support for training needs to be improved.

ACOA has provided broad-based support to business activities as a means of stimulating entrepreneurship and risk-taking. With scarce resources, consideration should be given to selective assistance for those activities most essential for competitiveness and growth, namely, the application of technology, marketing and training.

"An increasing number of Atlantic Canadians are finally realizing that our economic future is no longer the sole responsibility of provincial and federal governments. Entrepreneurs are gaining recognition for their efforts in stimulating the economy through their own job creation, which in essence creates employment not only for themselves but for others."

*Atlantic Lifestyle Business
Vol. 3, No. 3, 1992*

Entrepreneurship development is at the heart of ACOA's mission and goes well beyond financial assistance to business. The Agency's initiatives in the areas of promotion of the self-employment option, entrepreneurship education and the development of community-based support are beginning to show results. The Agency is making steady progress in its mission to renew the Atlantic entrepreneurial spirit. There is a steady increase in the intent of Atlantic Canadians to start their own business. The demand for self-employment and entrepreneurship development programs is also growing.

ACOA was expected to promote new partnerships between the public and private sectors and encourage the people of the region to participate more actively in development. Under the Action Program, in the first year, the Agency initiated over 300 partnership arrangements with the private sector to provide support to small business. There are many examples of economic sectors, such as finfish aquaculture in New Brunswick or software in Nova Scotia, where the private sector has moved to take charge of development. In areas such as entrepreneurship and tourism development, the Agency has obtained maximum leverage from its support through partnering with the private sector. By encouraging partnerships, ACOA has been able to increase leverage under the Action Program. For every ACOA dollar, the private sector directly invested \$1.70 in 1988-89 and increased it to \$2.30 in 1992-93.

However, the non-profit sector, such as universities, research institutes and business associations, has the potential to do much more. The Agency needs to find innovative ways to enlist its support in areas such as commercializing technology.

Within six months of its creation, ACOA moved quickly to assume the responsibility assigned to it for coordinating federal and provincial activities. It was successful in having the moratorium on ERDAs lifted. Recently, an external evaluation has concluded that the

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COOPERATION Program has resulted in a more coordinated regional approach to economic development and that the process has been improved by the creation of ACOA with its Coordination activity.

However, there are a large number of business assistance programs with similar objectives and clientele. The Action and COOPERATION Program evaluations found that the overlap of programs and delivery organizations was perceived as a problem. As the Agency with the lead role for delivering assistance to small business in the Atlantic region, ACOA is in a position to provide leadership in efforts to streamline business assistance.

The success of ACOA's financial assistance programs allowed the Agency to build the credible presence required to effectively assume its Advocacy and Coordination roles. By 1992, some 77% of the region's population knew of the Agency and 65% believed it was successful in meeting its mandate of promoting long-term economic development.

ACOA has made important contributions in the area of federal government procurement with the latest available data indicating that federal purchases in the region are up significantly, as compared to the period prior to 1987. Another example of benefits from Advocacy is the trade area, where the Agency successfully advocated that regional development subsidies should be non-countervailable under the GATT.

The Agency's continuing efforts to understand the private sector's needs, combined with its broad mandate to promote the development of the region, give it a unique capability to bring together the resources and expertise of federal departments to pursue development opportunities or solve problems. The lead role taken by the Agency in the establishment of the Canada Business Service Centres is a recent example. The success of Advocacy efforts to maximize the benefits from Hibernia and the role played by the Agency in finding replacement activity for Summerside are also examples.

Despite these accomplishments, the Agency has not given the Advocacy role the attention it deserves, given that it can potentially have a greater impact than direct financial support to business. With increasingly scarce resources, ensuring that federal expenditures are making their maximum contribution to regional development becomes even more important.

ACOA's accomplishments have been largely due to the unique strengths that the regional agency approach brings to regional development policy. Because decisions are made in the region, with advice from Atlantic Canadians, the Agency is more responsive to local conditions and can act more quickly than its predecessors. The regional agency approach has proven to be particularly adept at reconciling federal priorities and regional development needs. The evaluation of the COOPERATION Program found that "federal-provincial

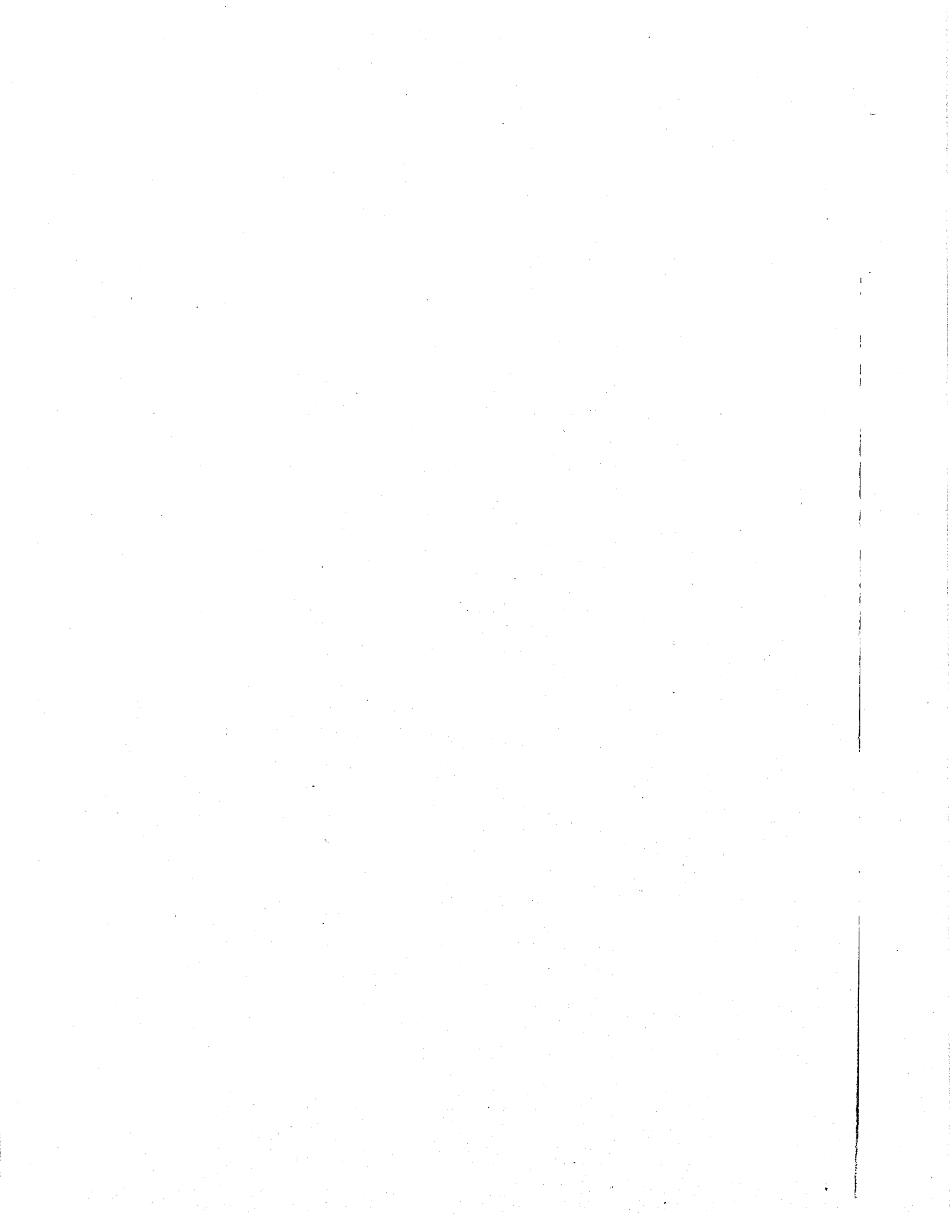
relations were stronger as a result of the Program" and that "the mechanism of a strong regionally-based federal agency with a mandate to coordinate economic development is necessary to address the region's challenges and changing economic circumstances".

Finally, the Agency is in a unique position to play a leadership role in the region. The Atlantic Geomatics Alliance, entrepreneurship development and tourism are examples of where ACOA has identified priorities and worked with partners to develop a coordinated regional approach. The Maritime provinces (in some instances with the involvement of Newfoundland) have adopted an agenda for regional cooperation in a number of important development areas. Because of its small population and economy, increased regional cooperation is essential if the Atlantic provinces are to compete effectively. As the only economic development department in the Atlantic region with a regional perspective and mandate, ACOA is in a position to play a greater role in improving region-wide cooperation. The recent introduction of the Pan-Atlantic Initiatives activity enables ACOA to put increasing emphasis on this role.

ACOA's priorities of Entrepreneurship Development, Trade and Marketing, Innovation and Technology Transfer, Human Resource Development, and Procurement have enabled it to bring an increasingly strategic focus to development of the region. The key strategic themes have played an increasing role in the prioritization of expenditures under the COOPERATION Program. Support under the Action Program has increasingly focused on marketing, innovation, labour and management training, advisory and diagnostic services and development of the capability to compete for government procurement opportunities.

"There is little doubt that the Agency met the test. Indeed, it is remarkable what the Agency was able to accomplish in such a short period of time."

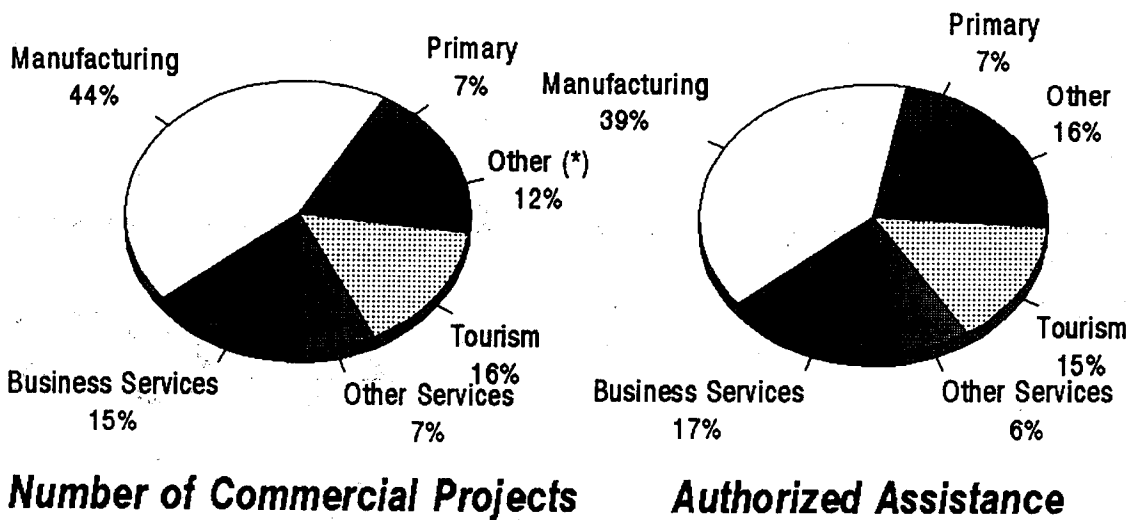
*Dr. Donald Savoie, Chairman
Canadian Research Institute on Regional
Development
Atlantic Lifestyle Business Magazine
Volume 2, No. 4, 1991*



ACTION PROGRAM
From Inception to March 31, 1993
By elements

	NUMBER OF PROJECTS		CONTRIBUTIONS (including interest buy down)	
	#	%	\$ M.	%
BUSINESS SUPPORT	1270	12.7%	211.24	25.7%
CAPITAL				
Establishment	1445	14.4%	202.14	24.6%
Expansion	1544	15.4%	116.62	14.2%
Modernization	1878	18.8%	128.43	15.6%
New Products	366	3.7%	28.45	3.5%
Sub-total	5233	52.3%	475.64	57.8%
OPERATIONAL				
Studies	2019	20.2%	29.94	3.6%
Innovation	509	5.1%	62.04	7.5%
Marketing	887	8.9%	40.99	5.0%
Supplier Dev.	83	0.8%	3.41	0.4%
Sub-total	3498	35.0%	136.38	16.6%
TOTAL	10001	100.0%	823.26	100.0%

**ACOA - ACTION PROGRAM
INDUSTRIAL SECTORS SUPPORTED
From Inception to March 31, 1993**



(*) - Includes a variety of projects in repairs and rentals of machinery and equipment, video and films, health research, projects in more than one sector, etc.

ACTION PROGRAM
From Inception to March 31, 1993
By size of projects (eligible costs)

NUMBER OF PROJECTS

	<u>Less than 200,000</u>		<u>\$200,000 to \$1.0 M.</u>		<u>Over \$1.0 M.</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
BUSINESS SUPPORT	1065	12.3%	169	14.9%	36	17.6%
CAPITAL						
Establishment	1175	13.6%	202	17.8%	68	33.2%
Expansion	1225	14.1%	270	23.7%	49	23.9%
Modernization	1596	18.4%	246	21.6%	36	17.6%
New Products	287	3.3%	71	6.2%	8	3.9%
Sub-total	4283	49.5%	789	69.3%	161	78.5%
OPERATIONAL						
Studies	2003	23.1%	16	1.4%	0	0.0%
Innovation	400	4.6%	102	9.0%	7	3.4%
Marketing	825	9.5%	62	5.4%	0	0.0%
Supplier Development	82	0.9%	0	0.0%	1	0.5%
Sub-total	3310	38.2%	180	15.8%	8	3.9%
TOTAL	8658	100.0%	1138	100.0%	205	100.0%

CONTRIBUTIONS IN \$M (including interest buy down)

	<u>Less than \$200,000</u>		<u>\$200,000 to \$1.0 M.</u>		<u>Over \$1.0 M.</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
BUSINESS SUPPORT	61.29	18.7%	45.92	24.1%	104.04	34.2%
CAPITAL						
Establishment	62.57	19.1%	35.44	18.6%	104.13	34.2%
Expansion	50.77	15.5%	32.11	16.8%	33.74	11.1%
Modernization	59.13	18.0%	30.57	16.0%	38.73	12.7%
New Products	14.19	4.3%	10.20	5.4%	4.06	1.3%
Sub-total	186.66	56.9%	108.32	56.8%	180.67	59.3%
OPERATIONAL						
Studies	26.47	8.1%	3.47	1.8%	0.00	0.0%
Innovation	18.13	5.5%	25.61	13.4%	18.30	6.0%
Marketing	33.66	10.3%	7.33	3.8%	0.00	0.0%
Supplier Development	1.91	0.6%	0.00	0.0%	1.50	0.5%
Sub-total	80.15	24.4%	36.41	19.1%	19.80	6.5%
TOTAL	328.11	100.0%	190.64	100.0%	304.52	100.0%

ACTION PROGRAM
TYPE OF ASSISTANCE
From Inception to March 31, 1993

NUMBER OF APPLICATIONS

	CONTRI- BUTION	INTEREST BUY-DOWN	LOAN INSURANCE	ACTION LOAN
BUSINESS SUPPORT	1270	0	0	0
CAPITAL				
<i>Establishment</i>	1369	513	53	21
<i>Expansion</i>	1487	547	35	18
<i>Modernization</i>	1840	497	37	6
<i>New products</i>	351	131	11	8
OPERATIONEL				
<i>Studies</i>	2019	0	0	0
<i>Innovation</i>	507	0	0	2
<i>Marketing</i>	940	0	0	3
<i>Supplier</i>	83	0	0	0
TOTAL (*)	9866	1688	136	58

AUTHORIZED ASSISTANCE IN MILLION OF \$

BUSINESS SUPPORT	211.24	0.00	0.00	0.00
CAPITAL				
<i>Establishment</i>	163.15	38.99	44.85	8.31
<i>Expansion</i>	88.11	28.51	13.41	6.89
<i>Modernization</i>	97.30	31.13	15.36	2.37
<i>New products</i>	22.45	6.00	2.16	2.74
OPERATIONEL				
<i>Studies</i>	29.94	0.00	0.00	0.00
<i>Innovation</i>	62.04	0.00	0.00	0.25
<i>Marketing</i>	40.99	0.00	0.00	1.37
<i>Supplier</i>	3.41	0.00	0.00	0.00
TOTAL	718.63	104.63	75.77	21.93

(*) One project can have more than one application.

**COOPERATION PROGRAM
INITIATIVES SIGNED FROM JUNE 6, 1987 TO MARCH 31, 1993**

(millions of dollars)

<u>Province</u>	<u>Date Signed</u>	<u>Termination Date</u>	<u>Total Cost</u>	<u>Total Federal Cost</u>
Newfoundland				
Inshore Fisheries	22/02/88	31/03/93	60.0	42.0
Agri-Food Development	21/06/88	31/03/94	8.0	5.0
Rural Development III	21/07/89	31/03/94	29.6	21.0
Comprehensive Labrador	21/07/89	31/03/94	53.9	37.7
Mineral Development	01/01/90	31/03/94	17.5	12.3
Youth Forestry	09/02/90	31/03/93	11.25	9.0
Forestry Amend. #3	09/02/90	31/03/90	3.2	2.24
Ocean Industry Amend. #1	04/09/90	31/03/93	13.5	9.0
Forestry	04/03/91	31/03/95	64.3	45.0
Enterprise Network	20/03/91	31/03/94	7.2	5.0
Tourism-Historic Resources	17/05/91	31/03/95	20.0	14.0
Environmental Improvement	18/12/91	31/03/94	17.8	5.9
ALFI (extension)	19/12/91	30/09/92	0.823	0.686
Salmonid Cons. & Enhance.	30/04/92	31/03/94	39.1	27.4
Strategic Invest. & Ind. Dev.	26/06/92	31/03/96	30.6	22.05
Comprehensive Labrador Amend.	26/06/92	31/03/96	6.25	4.45
Development Planning	26/06/92	31/03/96	2.25	1.25
Cultural Industries	24/07/92	31/03/96	5.0	3.5
Salmonid Enhancement and Cons.	09/10/92	31/03/97	21.42	15.0
Tourism-Historic Res. Amend.	29/12/92	31/03/95	0.75	0.75
Human Resources Development	21/01/93	31/03/97	42.9	30.0
Strategic Investment Amend.	21/01/93	31/03/97	12.86	9.0
Total Newfoundland			468.2	322.3
Nova Scotia				
Highways (Non-ERDA)	20/07/87	31/03/91	100.0	50.0
Agri-Food Development	27/06/88	31/03/94	60.0	30.0
Halifax-Dartmouth Metro	27/09/88	31/03/95	209.2	79.6
Forestry	15/12/89	31/03/91	45.0	24.7
Fisheries	06/07/90	31/03/94	8.0	4.8
Minerals	20/07/90	31/03/92	9.0	5.0
Industrial Dev. Opportunities	17/12/90	31/03/95	63.0	31.5
Halifax-Metro Amendment	13/03/91	31/03/94	10.0	5.0
Sustainable Economic Dev.	18/03/91	31/03/95	15.0	9.0
Fisheries Amendment #1	09/04/91	31/03/94	5.2	2.4
Highway Amendment #1	20/08/91	31/03/92	3.0	1.5
ALFI (Extension)	29/11/91	30/09/92	1.93	1.54
Tourism	04/12/91	31/03/95	19.3	10.9
Forestry Development	10/01/92	31/03/95	98.0	49.0
Highway Amendment #2	21/02/92	31/03/94	34.0	17.0
Recreational Fishery Planning	23/06/92	31/03/93	0.60	0.50
Mineral Development	27/08/92	31/03/95	10.0	7.0
Cultural Development	27/08/92	31/03/95	5.0	2.5
Technology Development	19/11/92	31/03/97	35.7	25.0
Economic Policy and Planning	19/11/92	31/03/96	2.0	1.0
Total Nova Scotia			733.93	357.94

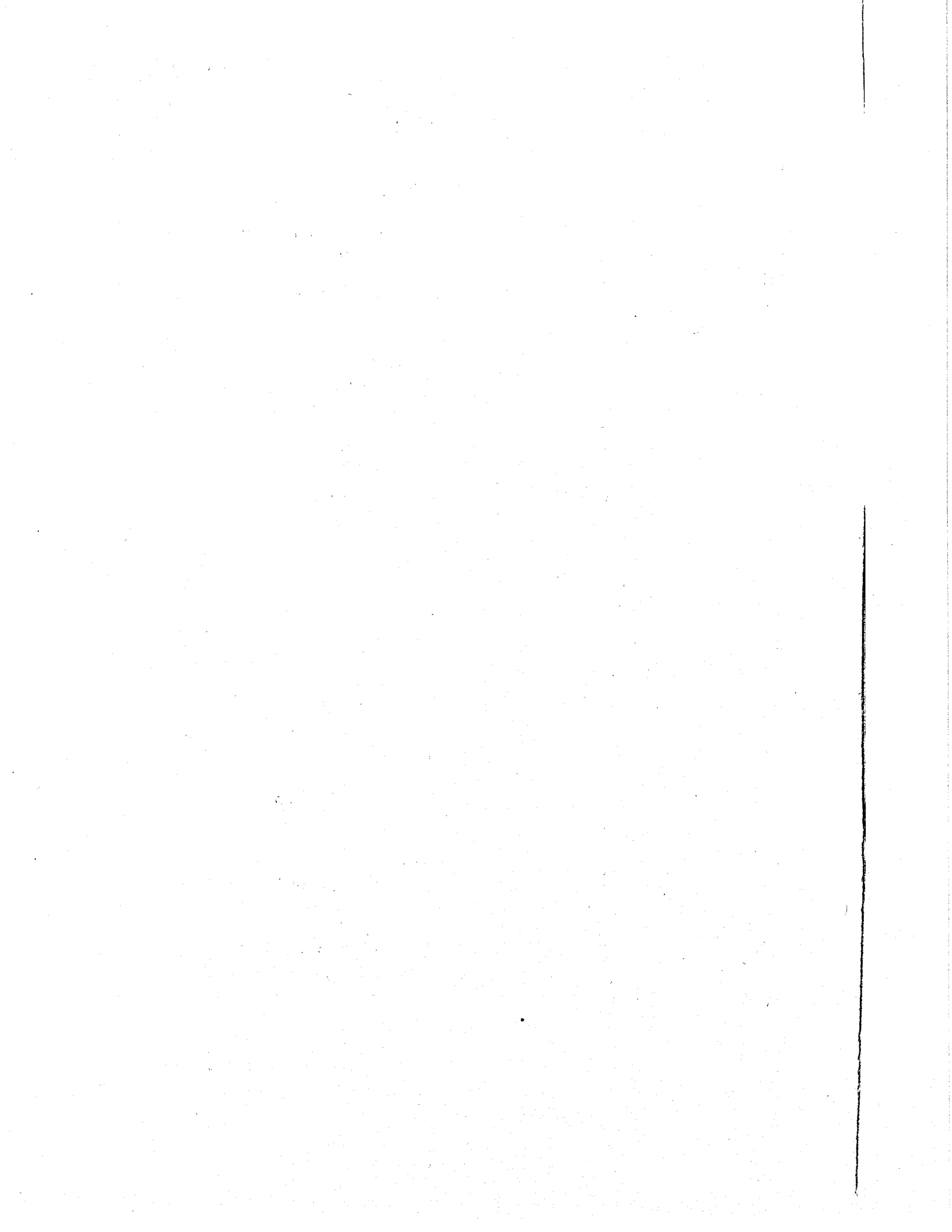
**COOPERATION PROGRAM
INITIATIVES SIGNED FROM JUNE 6, 1987 TO MARCH 31, 1993**

(millions of dollars)

<u>Province</u>	<u>Date Signed</u>	<u>Termination Date</u>	<u>Total Cost</u>	<u>Total Federal Cost</u>
<u>New Brunswick</u>				
Transportation (Non-ERDA)	29/06/87	31/03/92	150.1	105.0
Agri-Food Development	06/10/89	31/03/94	32.0	20.0
Fisheries Development	03/11/89	31/03/94	19.6	11.7
Forestry Development	15/12/89	31/03/94	91.0	50.0
Planning	06/02/90	31/03/94	2.0	1.0
Special Response	10/05/90	31/03/91	2.3	1.5
Bi-Capitol	10/08/90	31/03/95	8.3	8.3
Economic Diversification	16/08/90	31/03/95	36.2	23.5
Cultural Development	11/10/90	31/03/95	5.0	2.5
Mineral Development	12/09/90	31/03/95	10.0	6.0
Urban Economic Development	12/09/90	31/03/95	46.0	23.0
Industrial Development	12/09/90	31/03/92	10.0	5.0
ALFI (Extension)	06/12/91	30/09/92	2.25	1.8
Recreational Fishery	07/08/92	31/03/96	15.0	15.0
Tourism - Travel Generators	23/07/92	31/03/94	5.7	4.0
Highway Improvement Amendment	28/07/92	31/03/96	37.9	26.3
Entrepreneurship and HRD	23/07/92	31/03/97	25.8	17.0
Planning Amendment	23/07/92	31/03/97	3.0	1.5
Economic Development	23/07/92	31/03/97	38.0	25.0
Economic Diversif. Amend.# 1	04/08/92	31/03/97	29.6	19.2
Total New Brunswick			569.8	367.3
<u>Prince Edward Island</u>				
Forest Resource Development	23/06/88	31/03/93	24.1	14.2
Agriculture Development	06/10/89	31/03/94	25.0	14.0
Fisheries Development	20/10/89	31/03/95	10.6	7.5
Transportation	20/10/89	31/03/94	30.0	15.0
Alternate Energy	12/02/90	31/03/94	7.8	5.5
Market Development	30/03/90	30/09/90	1.4	1.0
Industrial Dev. Amendment #1	30/03/90	31/03/92	20.0	14.0
Cultural Development	02/08/90	31/03/94	3.55	2.5
Industrial Dev. Amendment #2	10/10/90	31/03/92	10.0	7.0
Planning	12/06/91	31/03/95	1.0	0.5
Rural Economic Development	12/06/91	31/03/95	3.1	2.0
Cultural Dev. Amendment #1	31/07/91	31/03/94	3.0	2.0
Tourism	30/10/91	31/03/95	9.0	5.2
ALFI (Extension)	21/11/91	30/09/92	2.46	1.97
Market Development	05/12/91	31/03/95	9.4	5.2
Strategic Technology	05/12/91	31/03/95	4.0	2.8
Sustainable Economic Dev.	08/10/92	31/03/96	9.5	6.6
Industrial Economic Dev.	08/10/92	31/03/97	30.4	21.28
Cultural Dev. Amendment	10/12/92	31/03/95	2.2	1.2
Total Prince Edward Island			206.5	129.5

**COOPERATION PROGRAM
INITIATIVES SIGNED FROM JUNE 6, 1987 TO MARCH 31, 1993**
(millions of dollars)

<u>Province</u>	<u>Date Signed</u>	<u>Termination Date</u>	<u>Total Cost</u>	<u>Total Federal Cost</u>
<u>Pan-Atlantic</u>				
Int'l Tourism-Marketing	17/07/91	31/03/94	10.0	6.0
Communications	21/01/92	31/03/92	1.0	1.0
Entrepreneurship	03/12/92	31/03/97	4.5	4.5
Coordination and Research	03/12/92	31/03/97	2.0	2.0
Communications	18/06/92	31/03/95	3.0	3.0
Total Pan-Atlantic			20.5	16.5
Grand Total			1,998.933	1,193.456



GLOSSARY OF TERMS

ACOA	Atlantic Canada Opportunities Agency
AEP	Atlantic Enterprise Program
ALFI	Atlantic Livestock and Feed Initiative
ASN	Atlantic Satellite Network
CADMI	Computer-Aided Design and Manufacturing Insitute
CCFI	Canadian Centre for Fisheries Innovation
CCMC	Canadian Centre for Marine Communications
CBTUA	Cape Breton Topping-Up Assistance
CEO	Chief Executive Officer
CSA	Canadian Space Agency
DND	Department of National Defence
DRIE	Department of Regional Industrial Expansion
EC	European Community
ECBC	Enterprise Cape Breton Corporation
ERDA	Economic and Regional Development Agreement
FAP	Fisheries Alternatives Program
GATT	General Agreement on Tarrifs and Trade
GDA	General Development Agreement
GDP	Gross Domestic Product
GNP	Gross National Product
GST	Goods and Services Tax
HMDC	Hibernia Management and Development Company
HRD	Human Resource Development
IRDP	Industrial and Regional Development Program
LMRI	Land Resource Management Information
MBA	Master of Business Administration
MITV	Maritime Independent Television
MOPITT	Measurement of Pollution in the Troposphere
MOU	Memorandum of Understanding
MUN	Memorial University of Newfoundland
NASA	National Aeronautics and Space Administration
NOIA	Newfoundland Ocean Industries Association
NRC	National Research Council
OGD	Other Government Department
PMAC	Pharmaceutical Manufacturers Association of Canada
R&D	Research and Development
RPC	Research and Productivity Council
SIANS	Software Industry Association of Nova Scotia
SME	Small and Medium-sized Enterprises
TPI	Technical People in Industry
UCCB	University College of Cape Breton

