



# Federal Office of Regional Development – Quebec

1997-98  
Estimates

Part III

Expenditure Plan

## **The Estimates Documents**

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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# **Federal Office of Regional Development - Quebec**

**1997-98  
Estimates**

**Part III**

**Expenditure Plan**

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**John Manley**

**Minister responsible for  
Federal Office of Regional Development -  
Quebec**

## **FORD-Q S MISSION STATEMENT:**

*Through its commitment to providing a service adapted to its clients, FORD-Q supports the development of the economic potential of Quebec's regions and the creation of sustainable employment, by encouraging a business climate conducive to the success and growth of small and medium-sized businesses.*

## The Minister's Message

### ***The Industry Portfolio Building Jobs and Growth through Partnerships and Innovation***

The Federal Office of Regional Development - Quebec (FORD-Q) is a member of the Industry Portfolio. Through its commitment to providing a service adapted to its clients, FORD-Q supports the development of the economic potential of Quebec's regions and the creation of sustainable employment, by encouraging a business climate conducive to the success and growth of small and medium-sized businesses. To ensure effective management of horizontal issues of regional economic development, notably the revitalization of the economy of the Montreal region, FORD-Q's approach is based on joint efforts and partnership among public and private economic stakeholders. FORD-Q is concentrating on areas where the federal government has real added value for businesses and regions, such as innovation, market development and entrepreneurship.

Through the coordinated efforts of its member organizations, the Industry Portfolio is playing a vital role in helping to improve economic growth, and employment and income prospects for Canadians. The Industry Portfolio brings together the key departments and agencies responsible for science and technology, regional development, marketplace services and micro-economic policy. In doing so, the Government of Canada has created a new capacity for partnership and innovation, both within the Portfolio itself and externally, with the private sector and other stakeholders.

As Minister responsible for the Industry Portfolio, I am focussing the Portfolio's activities to help Canadians move confidently into the 21st century. Through the Portfolio, I am working to ensure that our businesses and industries have the best tools and the right conditions to innovate, grow, compete and generate jobs.

The technology-driven global economy which has emerged in the 1990s holds much promise, as well as many challenges. To maintain traditional strengths and markets while building new ones, Canadians must innovate. We have to develop and

#### ***The Industry Portfolio Is ...***

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

use leading edge technologies and skills needed in the knowledge-based economy. We need to increase the abilities of our firms and industries to export. We must also enlarge Canada's share of international investment. And we must work to ensure all Canadians, especially our youth, are able to participate fully in the new economy. To achieve these goals, business, governments and individual Canadians have to work together, in partnership.

The Industry Portfolio is playing its part by focussing on three areas of activity -- each crucial for our economic success, now and into the next century:

- promoting innovation through science and technology
- assisting business to grow by providing information, advice and financing support
- ensuring a fair, efficient and competitive marketplace.

Innovation is the key to success in the global economy. Creative thinking and adopting new technologies and processes keep traditional industries competitive while launching new industries for emerging and expanding markets. The Industry Portfolio is taking a new, risk-sharing approach to investing in technology through partnerships with the private sector. We are also making strategic investments to expand Canada's intellectual resources and advance knowledge.

The Portfolio assists Canadian businesses to increase their competitive advantage and their capacity to expand. Our actions are particularly directed at strengthening the backbone of Canada's economy -- small and medium-sized enterprises.

The Industry Portfolio has a vital role to ensure an open and efficient marketplace by setting clear and fair "rules of the game." In this way, we are supporting business activity while protecting consumer and investor interests.

Through its wide range of activities, the Industry Portfolio is contributing to economic growth, increased employment and higher living standards for Canadians in every region, both today and into the new century.

John Manley  
Minister of Industry

## **Preface**

This document is a report to Parliament to indicate how the resources voted by Parliament have or will be spent. As such, it is an accountability document that contains several levels of details to respond to the various needs of its audience.

The Part III for 1997-98 is based on a revised format intended to make a clear separation between planning and performance information, and to focus on the higher level, longer term plans and performance of departments.

The document is divided into four sections:

- The Secretary of State's Summary;
- Departmental Plan;
- Departmental Performance; and
- Supplementary Information

It should be noted that, in accordance with Operating Budget principles, human resource consumption reported in this document will be measured in terms of employee full-time equivalents (FTEs).

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## **Section I**

### **Secretary of State s Summary**

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Renewal of the economic and social union is one of the federal government's greatest challenges. Our government's regional economic development activities are a key element in this regard. By facilitating joint action and consistency in federal economic activities across the country, we will reach a point where every region and every sector of the economy will be able to make a successful transition to the new economy, generate economic growth and create jobs.

Through its regional economic development activities, the Federal Office of Regional Development - Quebec, FORD-Q, helps to make Quebec communities into dynamic, prosperous and job creating regions. FORD-Q also makes a sizeable contribution to the government's jobs and growth strategy.

FORD-Q's approach is based on joint efforts and partnership among public and private economic stakeholders. FORD-Q is concentrating on fields where the federal government has real added value for businesses and regions. In addition, FORD-Q can build on the lever effect created by its membership in the Industry Portfolio and its alliances with its public and private sector partners.

The Federal Office of Regional Development - Quebec recognizes that small and medium-sized businesses, SMEs, are building blocks of economic growth in the regions of Quebec. Quebec entrepreneurs can access all federal government SME support programs and services through the SMALL BUSINESS ACCESS CENTER; FORD-Q will henceforth be the gateway for the federal services they want.

FORD-Q has a network of 13 business offices throughout the regions. Partnerships with other federal departments and financial institutions enable FORD-Q and its offices to make a major contribution to the SMEs of the future, which are focussed on foreign markets and have made a commitment to new technology. Moreover, FORD-Q supports economic activities in local communities through the 54 Community Futures Development Corporations (CFDCs), which also provide technical advice and funding for small businesses.

FORD-Q also supports strategic regional initiatives. These initiatives, which come from the community or various public organizations, are intended to promote an economic environment which favours investment and job creation in the different regions of Quebec. These activities respond in particular to specific development problems (for example, the Federal Action Strategy for the Montreal Region) or transition and economic adjustment challenges (for example, the economic adjustment of Eastern Quebec fishing communities or the revitalization of regions affected by the torrential rains of July 1996 in the Saguenay). Through consistent joint action plans with all its partners, FORD-Q intends not only to stimulate regional potential, but also to contribute to effective management of the multi-sectoral issues of regional economic development.



Initial Performance Measurement Framework results confirm the soundness of FORD-Q's new approach, focussed on service to clientele. The results indicate that clients are satisfied with the quality of services; that most clients (89%) would not have been able to carry out their projects in the same timeframe or on the same scale without the assistance provided by FORD-Q ; that the programming has had a positive impact on employment, market development, R&D activities and the start-up of businesses.

FORD-Q intends to make a constant effort to improve the Performance Measurement Framework and thus provide Parliament and the Canadian public with an even more detailed evaluation of all its activities.

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The Honourable Martin Cauchon  
Secretary of State  
Federal Office of Regional Development - Quebec

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## **Section II**

### **Departmental Plan**

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#### **A. Summary of departmental plan**

To support the economic development of the regions, it is essential to build on both the dynamism of small and medium-sized enterprises (SMEs) and consistent joint action strategies with our partners. In so doing, we will continue to foster a dynamic business climate in the regions, while ensuring effective management of multi-sectoral government mandates, particularly those involving transition and adjustment.

In light of this fact, FORD-Q is pursuing a strategy which makes an active contribution to the consistency of federal government activities in every region of Quebec. This FORD-Q strategy is composed of three complementary elements which reflect our mission.

- As the federal regional development organization, FORD-Q ensures the integrated delivery of economic services and programs for Quebec, in concert with its federal partners; in the regions, it works with community leaders to promote the emergence of major development initiatives.
- As a member of the Industry Portfolio, it actively supports national priorities, particularly the government's Jobs and Growth Program, notably in the areas of science and technology, foreign trade, investment and entrepreneurship among young people.
- As a federal organization operating in Quebec, it contributes to management of the Canadian economic and social union by designing and carrying out horizontal, or multi-sectoral, mandates, which involve action plans for development of the regions.

For the period from 1997-98 to 1999-2000, FORD-Q will focus on the following priorities:

- **Support for SME clientele**
  - Sharply increase initiatives leading to the marketing of innovations.
  - As a partner in Team Canada, help to stimulate export.
  - Give priority to young people in developing entrepreneurship.
  - Use the Community Futures Development Corporation (CFDC) network in delivering basic services to small business.
  - Work on establishing a quality system in delivering client services.

- **Strategic regional initiatives**

- Diversify the economic base of fishing communities affected by the groundfish crisis.
- Co-ordinate and carry out federal government projects under the strategy for the Montreal region.
- Play an active role in the reconstruction and economic revitalization of the regions affected by the disaster in the Saguenay.
- Draw up innovative action approaches tailored to the development potential of the regions.

With its 13 business offices, liaison office in Jonquière, partnership with the 54 CFDCs and 8 Community Economic Development Corporations (CEDCs), and its business networks, FORD-Q is an important partner for its clientele and all stakeholders in the economic development of Quebec and its regions. It is able to fill this role because of the quality of its service, the competence of its team and the synergy which results from its membership in the Industry Portfolio.

## **B. Departmental Overview**

### **1. Background**

The Federal Office of Regional Development - Quebec was created by a series of orders in council passed in 1991. It was given the authority required to operate independently under the *Financial Administration Act* and the *Public Service Employment Act*. The *Department of Industry Act*, which came into effect on March 29, 1995, recognized the jurisdiction of the Minister of Industry over regional economic development in Quebec (Part II of the Act). On January 25, 1996, the Governor General in Council transferred responsibility for the Federal Office of Regional Development - Quebec to the Minister of Industry.

### **2. Mandate and responsibilities**

As set out in Part II of the *Department of Industry Act*, FORD-Q's mandate is to promote economic development in areas of Quebec where low incomes and slow economic growth are prevalent or where opportunities for productive employment are inadequate, emphasize long-term economic development and sustainable employment and income creation, and focus on small and medium-sized enterprises and the development and enhancement of entrepreneurial talent.

The Minister responsible for the Federal Office of Regional Development - Quebec has responsibilities with regard to regional economic development in Quebec.

- **Strategy development:** in co-operation with other concerned ministers and boards and agencies of the Government of Canada, to formulate and implement policies, plans and integrated federal approaches.
- **Program co-ordination and co-operation with Quebec:** to co-ordinate the policies and programs of the Government of Canada and to lead and co-ordinate the activities of the Government of Canada in the establishment of cooperative relationships with Quebec and with business, labour and other public and private bodies.
- **Service delivery:** to provide and, where appropriate, co-ordinate services promoting regional economic development in Quebec including services to develop entrepreneurial talent, support local business associations, stimulate investment and support small and medium-sized enterprises in those provinces or any part thereof.
- **Program delivery:** to initiate, recommend, co-ordinate, direct, promote and implement programs and projects in relation to regional economic development in Quebec.
- **Economic analysis:** to collect, gather, by survey or otherwise, compile, analyse, co-ordinate and disseminate information on regional economic development in Quebec.

### 3. Program Description

The FORD-Q Program comprises a single activity, which is to co-ordinate, support and promote the economic development of the regions of Quebec. FORD-Q's approach recognizes the importance of making the dynamism and growth of SMEs the mainstay for development of the economic potential of every region of Quebec. This approach also recognizes the need to act jointly and consistently with partners to support opportunities for development in the regions and effectively manage the horizontal and multi-sectoral mandates frequently given to FORD-Q.

FORD-Q is concentrating its efforts in two major areas of priority: (a) delivery of a range of services focussed on client need; (b) harmonization of the federal government's economic activities in Quebec. In these two areas, FORD-Q targets niches where the federal government supplies added value.

**Services to clientele:** For SMEs, FORD-Q's SMALL BUSINESS ACCESS CENTER is the gateway to the services provided by federal departments and organizations in Quebec. Together with its federal partners, FORD-Q provides a range of services to support the efforts of dynamic SMEs to become more enterprising, more innovative and more open to foreign markets. FORD-Q has therefore reached partnership agreements with the National Research Council (NRC), Industry Canada, the Department of Foreign Affairs and International Trade (DFAIT) /Industry Canada (development of international affairs), Environment Canada, the Canadian Space Agency, the Business Development Bank of Canada/Industry Canada (NEXPRO) and Agriculture and Agri-Food Canada. FORD-Q has also joined the Canada Technology Network (CTN) established by NRC. The SMALL BUSINESS ACCESS CENTER provides SMEs with an integrated set of complementary information, counselling, funding and financial support tools. This integrated set of tools for service to SMEs is accessible in all the priority areas of activity — innovation; research and development, design; market development; export and entrepreneurship. In addition, the CFDC network provides technical assistance and capital for small businesses and leads local economic group activities.

**Co-ordination of federal government economic activities in Quebec:** FORD-Q plays a leading role in federal economic activities in Quebec and the development of the business climate, particularly under horizontal mandates it receives from the government. FORD-Q also promotes the interests of Quebec to ensure that federal policies and programs benefit all regions of the province.

To carry out its regional development plan, FORD-Q's budget envelope for the next three years is as follows:

**Figure 1: Main Estimates**

(in thousands of dollars)	<b>Main Estimates 1996-97</b>	<b>Main Estimates 1997-98</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
<b>Total Main Estimates</b>	369,234	296,407	258,511	241,727

Note: For more information, see Figure 4 at page 15, Figure 5 at page 16 and Figure 6 at page 17.

#### **4. Initiatives**

FORD-Q's programming supports the development of SMEs and the regions of Quebec, and includes the following initiatives (See Figure 7, page 18):

- **IDEA-SME Program:** This program provides services and funds activities in certain priority areas of activity, including:
  - Innovation, research, development and design;
  - Development of markets;
  - Export trade;
  - Assistance to entrepreneurship and business climate development.
- **Community Futures Program:** The Community Futures Program, through the Community Futures Development Corporations (CFDCs), provides technical advice for small businesses and financial support for business start-up and allows for participation in community economic activities. At present, 54 groups in Quebec are designated under the program, in addition to the Quebec CFDC network and eight Community Economic Development Corporations (CEDCs).
- **Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities (Coastal Quebec):** The Atlantic Groundfish Strategy (TAGS), announced in 1994 by the federal government to soften the impact of declining groundfish stocks on the economy and communities of the Atlantic coast, comprises three activity components, for one of which FORD-Q is responsible in Quebec. This component involves the implementation of measures to support the economic and community development of the affected communities. FORD-Q created a special fund for the economic development and adjustment of Quebec fishing communities, which targets the Quebec North Shore, Gaspé and Magdalen Islands administrative regions and adjacent fishing communities affected by the restructuring of the fishing industry.
- **Canada-Quebec Infrastructure Works Agreement:** FORD-Q, in co-operation with the Quebec Department of Municipal Affairs, administers the program in Quebec. This national program comes under the responsibility of the Treasury Board President.

- **Small Business Loans Act:** Industry Canada is responsible for enforcement of the *Small Business Loans Act*, including all its administrative terms and conditions. Since the creation of FORD-Q on June 13, 1991, the Minister responsible for FORD-Q has been responsible for payment and income collection with regard to small business in Quebec under the SBLA.

FORD-Q is considering implementing a regional strategic initiative program in order to make a greater contribution to the creation of opportunities for economic development and stimulate investment and job creation in every region of Quebec.

## 5. Program Organization

The Federal Office of Regional Development - Quebec organization chart is shown in Table 1.1 of Section IV, on page 54.

FORD-Q is headquartered in Montreal, with a network of 13 business offices throughout the regions of Quebec (see Figure 2, page 12), a federal liaison office in Jonquière and a regional advocacy office in Hull to maintain contact with the machinery of government in the National Capital Region. FORD-Q manages the Community Futures Development Program, which centres mainly around 54 Community Futures Development Corporations (see Figure 3, page 13) in the Quebec CFDC network and eight Community Economic Development Corporations. FORD-Q is the main federal partner in Info Entrepreneurs.

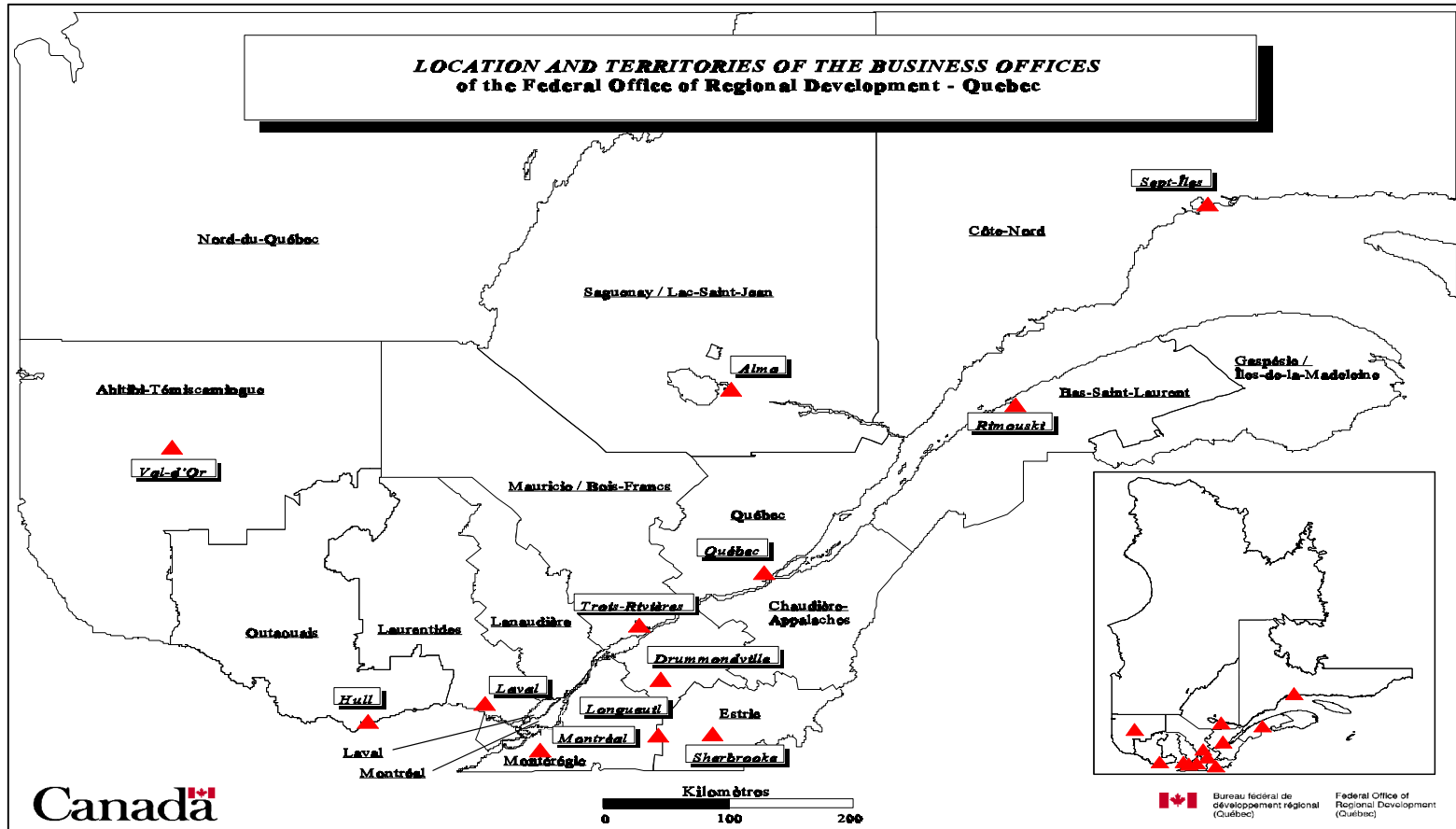
The following positions report to the Deputy Minister: the Assistant Deputy Minister, Strategy and Liaison; the Assistant Deputy Minister, Operations; the Director General, Communications and Secretariat; the Director General, Resource Management; the Director General, Information Management and Technology Development; and the Director, Legal Services.

**Deputy Minister:** Located at the Montreal Headquarters, the Deputy Minister is the head of the Federal Office of Regional Development - Quebec. He is supported in his activities by the Executive Assistant, who plays a co-ordinating role in support of senior management.

**Strategy and Liaison:** The Assistant Deputy Minister, Strategy and Liaison, is responsible for defining FORD-Q's strategic approach and promoting the interests of the regions of Quebec with the government. He directs three operating units: the Policy and Advocacy Branch, the Planning and Strategic Orientations Branch and the Quality and Evaluation Directorate, and ensures the functional management of five regional economic advisors in the business office network.

**Operations:** The Assistant Deputy Minister, Operations, is responsible for developing and delivering FORD-Q programs and services and for negotiating and managing partnership agreements with other departments and federal organizations, as well as with outside organizations, particularly financial institutions. The Assistant Deputy Minister, Operations heads a Strategic Intervention and Product Development Branch, an Operational Support Branch and a network of 13 business offices throughout Quebec.

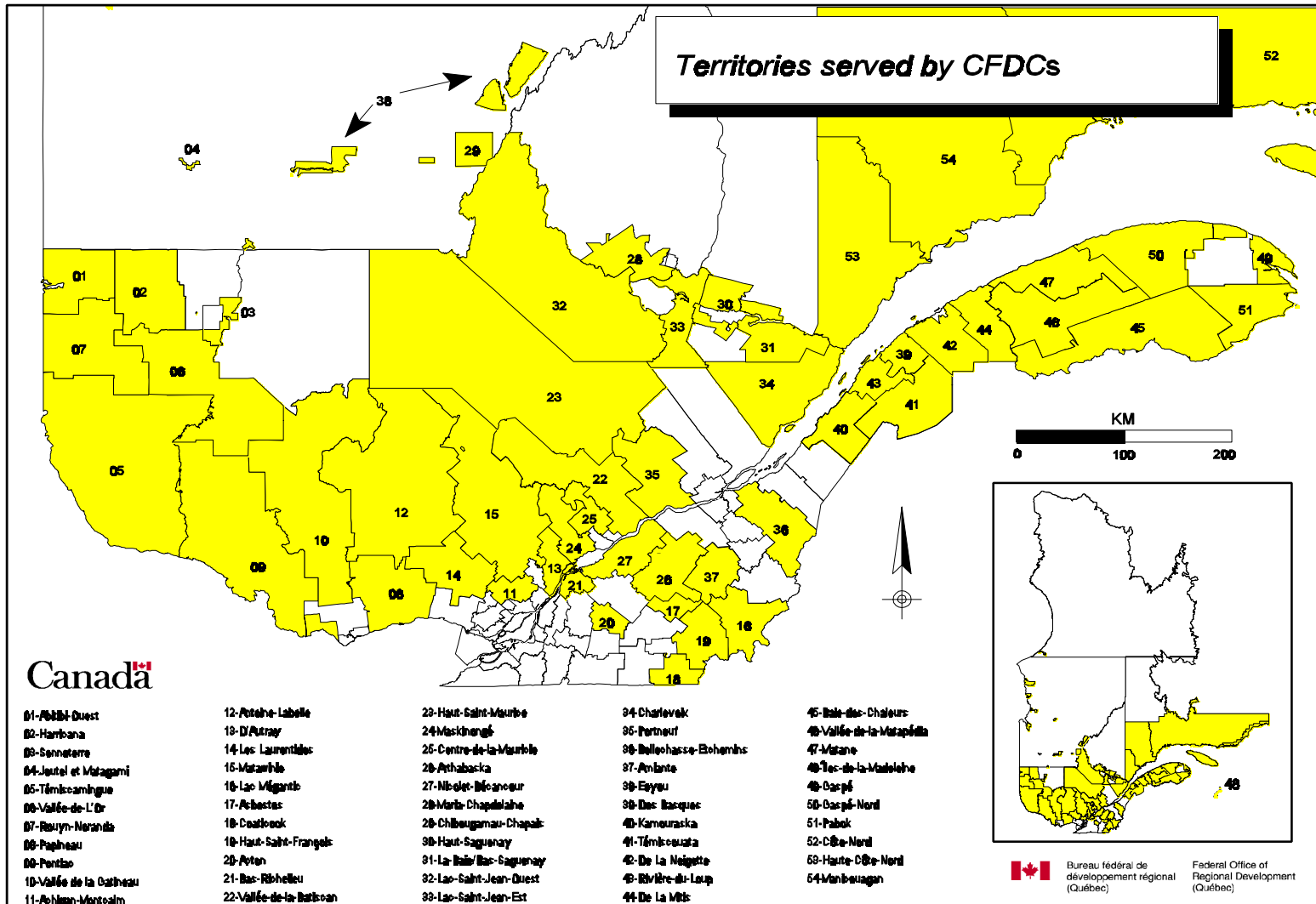
Figure 2: FORD-Q s business offices



Note: The business office for Northern Quebec is located in Montréal.



Figure 3: Territories served by CFDCs



**Communications and Secretariat:** The Communications Branch is responsible for developing a program of public information designed to raise public awareness of FORD-Q's initiatives and promote the federal contribution to economic development in Quebec and the support of SMEs.

The Secretariat is responsible for managing FORD-Q's correspondence and enforcing the *Access to Information Act* and the *Privacy Act*. It also provides Parliamentary services and advice for the Secretary of State and his staff, as well as FORD-Q senior management and their counterparts.

**Resource Management:** Resource Management (human, financial and administrative resources) is responsible for developing programs and policies, and for delivering operational services in all areas of human resources management. The branch participates in implementation of the expenditure management system, income and expenditure control, and draws up financial policies, procedures and systems. It ensures liaison with the Office of the Auditor General of Canada, the Treasury Board Secretariat and the Public Service Commission. It is also responsible for the management of administrative and real property services, government contracts and procurement.

**Information Management and Technology Development:** Information Management and Technology Development is responsible for the integrated management of information and the development of new technology to respond to the needs of FORD-Q's internal and external clientele.

**Legal Services:** Legal Services provides assistance and counsel relevant to FORD-Q's activities. More specifically, Legal Services activities are centred on business law and its impact on public law. The directorate also provides litigation support services.

## 6. Resource Plans and Financial Tables

### Figure 4: Spending Authorities

#### Authority for 1997-98 - Part II of the Main Estimates

#### Financial Requirements by Authority

Votes (thousands of dollars)		<b>Budget Estimates 1997-1998</b>	<b>Main Estimates 1996-1997</b>
<b>Federal Office of Regional - Quebec</b>			
60	Operating expenditures	<b>24,870</b>	25,272
65	Grants and contributions	<b>185,595</b>	271,729
(S)	Liabilities under the <i>Small Business Loans Act</i>	<b>83,400</b>	70,000
(S)	Contributions to employee benefit plans	<b>2,542</b>	2,233
<b>Total Program</b>		<b>296,407</b>	369,234

#### Votes - Wording and Amounts

Votes (dollars)		<b>Main Estimates 1997-1998</b>
<b>Federal Office of Regional Development - Quebec</b>		
60	Operating expenditures	24,870,000
65	Grants listed in the Estimates and contributions	185,595,049

**Figure 5 : FORD-Q Overview**

(thousands of dollars)	<b>Main estimates 1996-97</b>	<b>Main estimates 1997-98</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
<b>Total Main Estimates</b>	369,234	296,407	258,511	241,727
Revenue credited to the Consolidated Revenue Fund <sup>1</sup>	(27,661)	(30,000)	(31,000)	(30,000)
Estimated Cost of Services by other Departments <sup>2</sup>	3,048	2,996	2,990	3,000
<b>Net Cost of FORD-Q</b>	<b>344,621</b>	<b>269,403</b>	<b>230,501</b>	<b>214,727</b>

1. For more information, see Figure 3.2.1, List of Revenues, page 57

2. For more information, see Figure 3.1, Net Program Expenditures by Activity, page 56

**Figure 6: Net Cost of the Program by Activity**

	Main Estimates 1997-98							Total Main Estimates
	Operating	Capital	Grants and Contributions	Gross Total	Statutory Payments <sup>1</sup>	Gross Expenditures	Less: Revenue Credited to the Vote	
<b>Activity</b>								
Promotion of the Economic Development of the Regions of Quebec	27,412	--	185,595	213,007	83,400	296,407	--	296,407
<b>Other Revenues and Expenditures</b>								
Revenue credited to the Consolidated Fund <sup>2</sup>								(30,000)
Estimated Cost of Services by other Departments <sup>3</sup>								2,996
<b>Net Cost of the Program</b>								<b>269,403</b>

1. The Liabilities under the *Small Business Loans Act* are included. Do not include Contributions to employee benefit plans which are allocated in the operating expenditures.
2. For more information, see figure 3.2.1, List of Revenues, page 57
3. For more information, see figure 3.1, Net Program Expenditures by Activity, page 56

**Figure 7 : Details of FORD-Q Resources**

<b>(thousands of dollars)</b>	<b>Main Estimates 1996-97</b>	<b>Main Estimates 1997-98</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
<b><i>Grants and Contributions</i></b>				
€ IDEA-SME Program	22,206	61,148	129,793	133,909
€ Community Futures Program (CFP)	12,670	12,670	12,670	12,670
• Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities	2,970	5,826	3,500	2,325
• Canada/Quebec Infrastructure Works Agreement	160,945	74,000	0	0
• Former programming	72,938	31,951	2,217	62
• <i>Small Business Loans Act</i>	70,000	83,400	83,127	65,544
Total of Grants and Contributions	341,729	268,995	231,307	214,510
<b><i>Operating</i></b>				
• Salaries and wages	15,401	14,955	14,867	15,010
• Goods and services	9,871	9,915	9,810	9,655
• Contributions to employee benefit plans	2,233	2,542	2,527	2,552
Total Operating	27,505	27,412	27,204	27,217
<b>Total Main Estimates</b>	<b>369,234</b>	<b>296,407</b>	<b>258,511</b>	<b>241,727</b>

## **C. Details by Sector of Activity**

### **1. Background**

#### **1.1 Major challenges**

Renewal of the Canadian economic and social union is at the heart of government activities. Over the past few years, the government's efforts have mainly addressed the adjustment of public finances and the reform of social programs. These initiatives are a move in the right direction. The goal is to ensure the effectiveness and relevance of services for citizens, participate actively in economic and social issues and stimulate interdepartmental co-operation and consistency.

The central objective of the federal government's action plan is to stimulate employment and growth, combined with a new approach to the delivery of services.

The Jobs and Growth Program therefore remains the basis of the government's economic strategy. This economic policy framework is intended to stimulate employment and growth in every part of the country, with a particular emphasis on science and technology, investment, foreign trade and youth. The federal strategy also recognizes that, in the context of market globalization and rapid technology development, businesses must increase their ability to innovate and penetrate foreign markets. The strategy also recognizes the fact that young people are our future and must be quickly brought into the new economy. Moreover, the government has been and will continue to be called on to implement specific action plans for public economic and/or social issues, often on a one-time basis, such as the Atlantic groundfish crisis and the Saguenay floods.

In order to meet these challenges, we re-examined the models for delivery of federal services to citizens. Management by portfolio was the method chosen to optimize joint operations by departments and organizations with a common vocation. Moreover, to improve the services provided and support the job creation and economic growth program, three regional development organizations were brought into the Industry Portfolio. An integrated approach, with each partner contributing on the basis of its own added value, is becoming increasingly common. This is the case with economic and social horizontal issues with a strong regional component and requiring a variety of public and private players.

#### **1.2 Economic context**

Despite an average annual growth of 1.2% in the GDP between 1990 and 1995, Quebec ranked last among Canadian regions, which grew by 1.5% to 2.2% during the same period. According to preliminary estimates, employment in Quebec increased by 9,000 jobs in 1996, a far poorer performance than in 1995 (+48,000). Most jobs since 1989 have been created by SMEs, particularly firms with fewer than five employees. The unemployment rate remained stable at 11.7% in 1996, two percentage points higher than the Canadian average. Capital expenditures in Quebec in 1996 declined by 2% from the previous year (increase of 0.6% in Canada). However, they rose by 10% in the Quebec manufacturing sector, and this growth was concentrated mainly in high technology industries. The Greater Montreal region was particularly affected by low job

creation and a high rate of unemployment. In 1996, the unemployment rate in Greater Montreal was 11.7 %, the third highest of all Canadian metropolitan regions.

However, Quebec has performed well recently in some areas, particularly R&D and exports. Since 1991, Quebec has led the rest of Canada in terms of gross domestic spending on R&D, which accounted for 1.87% of the Quebec GDP in 1994, compared to 1.80% in Ontario and 1.60% in Canada as a whole. In addition, Quebec exports have risen dramatically over the past few years. From 1981 to 1995, the share in volume of Quebec's GDP accounted for by international and interprovincial trade of goods and services rose from 51% to nearly 64%.

Despite this progress, it is mainly larger firms that are involved in exporting, particularly at the international level. In 1995, nearly 80% of manufacturing firms with 200 or more employees made sales outside the country, compared to only 28% of manufacturing firms with fewer than 200 employees. The percentage is even lower for firms with fewer than 50 employees (22%). However, SMEs carry out more research and development. In 1990, 310 manufacturing SMEs were involved in research and development activities, but this figure rose to 480 in 1992. Nevertheless, a great deal of progress must be made if SMEs want to compete at the world level in the context of the globalization of international trade and the development of new technology.

According to forecasts by leading financial institutions, the Quebec GDP will grow by 2.5% in 1997, nearly double its growth rate in the previous year (1.4%). In Canada, growth will reach 3.2%. The unemployment rate in Quebec will decline marginally, from 11.7% in 1996 to 11.4% in 1997.

## **2. FORD-Q's role and mission**

The concept of regional development has changed over the years, both in Quebec and in the rest of Canada. To support the economic development potential of the regions, it is essential to build on the dynamism of small and medium-sized enterprises (SMEs) and on a consistent joint action strategy with partners. In so doing, we will continue to foster a dynamic business climate in the regions and ensure effective management of multi-sectoral government mandates, particularly those involving transition and adjustment issues.

FORD-Q has undeniable assets to play this regional development role to the full and support the government's major objectives of employment and growth. FORD-Q's assets include:

- Programming which responds to the needs expressed by SMEs and regions, and high quality client services.
- Extensive experience in working with other economic development stakeholders and an active business network.
- A network of 13 offices throughout Quebec, a liaison office in Jonquière and partnership with the 54 Community Futures Development Corporations and eight Community Economic Development Corporations, resulting in a profound understanding of the situation in the regions.



- Expertise in designing and carrying out regional action plans to manage specific adjustment issues on behalf of the government.

On this strength, FORD-Q is implementing a strategy which faithfully reflects the development of the federal approach to regional development. In bringing together three complementary aspects, FORD-Q's regional development strategy makes an active contribution to the consistency of federal economic activities in every region of Quebec.

- As the federal regional development organization, FORD-Q ensures the integrated delivery of economic services and programs for Quebec, in concert with its federal partners; in the regions, it works with community leaders to promote the emergence of major development initiatives.
- As a member of the Industry Portfolio, it actively supports national priorities, particularly the government's Jobs and Growth Program, notably in the areas of science and technology, foreign trade, investment and entrepreneurship among young people.
- As a federal organization operating in Quebec, it contributes to management of the Canadian economic and social union by designing and carrying out horizontal, or multi-sectoral, mandates, which involve action plans for development of the regions.

FORD-Q is important to its clientele and stakeholders in general as a major partner in the economic development of Quebec and its regions, mainly because of the quality of its service, the competence of its resources and the synergy which comes from its membership in the Industry Portfolio.

### **3. 1997-98 to 1999-2000 priorities**

In this framework, FORD-Q's priorities for the next three years, which are expected to achieve specific results, are as follows:

#### **3.1 Support for SME clientele**

##### **3.1.1 Science and technology**

In addition to strengthening the competitive position of targeted SMEs, FORD-Q's efforts in science and technology are clearly aimed at creating strong growth in innovation marketing initiatives.

In addition, FORD-Q will step up the use of existing networks and available capital funds. FORD-Q intends to facilitate access to relevant networks, such as the Canada Technology Network (CTN), in order to obtain appropriate technical support. In addition, FORD-Q will promote the Technology Partnerships Canada (TPC) with its clientele and make innovative SMEs aware of other Industry Portfolio programs.

FORD-Q will work to consolidate the network of technology incubators established throughout Quebec in order to promote the emergence of innovative firms and technology transfer from research centres.

To place even more emphasis on the marketing of innovation and to increase results, FORD-Q will establish apprenticeships for innovation marketing students.

FORD-Q has so far set up financial partnerships with the Business Development Bank of Canada and the Royal Bank of Canada. Other partnerships of the same type are currently being negotiated. The partnerships are intended to facilitate the funding of R&D, innovation and market development projects in technology firms. Financial institutions will make \$150 million available for knowledge-based and new economy firms. In addition to providing support for participating SMEs, FORD-Q shares the financial risk with partner institutions by providing reserves for possible losses.

FORD-Q also plans to promote the start-up of technology firms and support strategic projects which favour the emergence of technology SMEs. In line with this, FORD-Q recently announced the creation of a \$10 million reserve for development of the "Technoregion" concept, with its partner, the Société Gatiq-Technorégion Québec/Chaudière-Appalaches. This initiative will increase diversification and consolidate the economic base of an area that has a pool of about 100 research centres and laboratories in the greater Quebec City region and a flourishing entrepreneurial spirit in the Chaudière-Appalachian region.

As a pilot project, FORD-Q will implement the *Rural Enterprises* initiative in the Lower St Lawrence, to promote the integration of new technology into rural economic activities. The pilot project will also target innovation in product marketing, especially niche products resulting from new activities.

#### Planned results: 1997-98 to 1999-2000

- To increase the number of innovation marketing files handled by the FORD-Q network from 117 in 1995-96 to 225 in 1999-00, mainly under IDEA-SME.
- To help start up 30 firms in technology incubators to which FORD-Q contributes.
- To provide apprenticeships to about 15 university students over the next three years, through an innovation marketing apprenticeship program.
- To promote, by the year 2000, the start up of about 20 technology firms (in the Quebec City/Chaudière-Appalachian region), thus helping to create a critical mass of technology firms and 200 high level jobs.
- To motivate about 300 firms to use the funds available through partnerships with financial institutions for innovation and marketing activities.

### 3.1.2 Market development

As a partner in Team Canada, FORD-Q fully subscribes to the objective of doubling the number of Canadian exporters by the year 2000. FORD-Q intends to do all it can to enable Quebec to make as large a contribution to this objective as possible. In addition, FORD-Q's SMALL BUSINESS ACCESS CENTER ensures SMEs of access to all federal government services and programs dealing with export. Thus it provides concrete support for access to information and the specialized services of business networks and sources of funding, particularly the Program for Export Market Development run by the Department of Foreign Affairs and International Trade (DFAIT).

Working with its partners — the Business Development Bank of Canada (BDC), the Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada (IC) — FORD-Q has already successfully conducted an initial series of export preparation sessions under the NEXPRO Program. FORD-Q intends to continue its activities in this regard by adopting an even more closely targeted approach. Future export preparation sessions will be aimed at specific geographic markets or sectors. Working with Team Canada in the field will be of primary importance in our approach.

In terms of client service quality, the best approach is to have all foreign market development stakeholders work together. This requires the participation of representatives of federal departments and organizations, as well as Quebec government and community organizations, such as export commissioners. FORD-Q will be supported in this endeavour through special measures, such as the creation of exporters' clubs, Enviro-clubs and an apprenticeship program for international trade graduates. As provided for under the Jobs and Growth Program, FORD-Q also plans to help increase foreign investment through the creation of prospecting tools such as comparative studies of the cost of establishing enterprises and support for Montreal International.

FORD-Q also participated in the establishment of Estrie International 2007 Inc. with its partners in the Quebec government and regional organizations (Regional Development Council, regional county municipalities and development corporations). Estrie International 2007 Inc. responds to requests for first line information from SMEs on the development of foreign markets. In addition to participating financially, FORD-Q places government expertise and its international network at the service of SMEs as part of this partnership.

FORD-Q wants to provide SMEs with relevant and up-to-date information on international markets and help them with their market prospecting plans, a task it accomplishes through the combined efforts of all economic development officers, thus avoiding duplication and overlap of human and financial resources.

#### Planned results: 1997-98 to 1999-2000

- Under the framework of the NEXPRO Program partnership agreement, prepare 1,000 new firms for exporting; this three-year program ends in March 1998.

- Upon termination of the agreement, establish export preparation sessions for groups of businesses operating in the same sector of activity (information technology, services, etc) or geared toward new markets. We anticipate that 500 firms will sign up for these sessions.
- Directly reach 2,000 firms through our services and export programs.
- Through our partnerships with financial institutions, motivate about 150 firms to become involved in export market development activities.
- Set up a pilot project for 20 internships on the Asian market in 20 Quebec firms or groups of firms. If the project is a success, we hope to reach 30 internships a year on markets such as Asia, Eastern Europe and Latin America.

NB: Statistics Canada estimates that for each billion dollars generated by new exports, 11,000 jobs are created or maintained.

### **3.1.3 Entrepreneurship and business climate**

The development of entrepreneurship among young people is one of FORD-Q's chief priorities, and supports one of the major components of the Jobs and Growth Program. FORD-Q's approach includes awareness and support for prestart-up and start-up. The tools used range from workshops, seminars and competitions to financial support for entrepreneurship centres in universities and technology incubators, and include prestart-up and start-up grants.

To gain a clearer understanding of the development of growing SMEs, FORD-Q proposes an in-depth examination of the specific profile of some of these firms. The knowledge gained will enable FORD-Q to adjust some activities, if necessary, in order to make favourable conditions for the incubation of SMEs even more widespread.

The creation of Canada Business Services Centres, starting in 1992, was intended to facilitate access to information on government services and programs by entrepreneurs. As a result of this initiative, the Info Entrepreneurs Centre was established in March 1994 in Montreal, through a partnership with the Board of Trade of Metropolitan Montreal and the Quebec government. It responds, on average, to 125,000 requests for information a year. Despite this performance, an evaluation survey on service quality indicated that many entrepreneurs — current and upcoming — were not aware of the existence of Info Entrepreneurs, and so were unable to make use of it. An increase in the volume of requests handled by Info Entrepreneurs is possible only by increasing the ability of the organization to respond. Steps taken with the Quebec City Chamber of Commerce, the Fédération des SAJE (assistance service for young entrepreneurs) and the Community Futures Development Corporations are intended to increase this capacity.

#### Planned results: 1997-98 to 1999-2000

- To increase the network of university entrepreneurship centres from four centres to eight.
- To increase the number of student-entrepreneur clubs from 26 to 36.

- To consolidate the network of 12 technology and sectoral incubators and establish a thirteenth, to complete the network in Quebec.
- To create about 10 dissemination services auxiliary to Info Entrepreneurs, develop an Internet site and ensure appropriate promotion of these services, in partnership with the Quebec City Chamber of Commerce and the Fédération des SAJE.
- To handle double the number of requests for information currently transmitted to Info Entrepreneurs and ensure sufficient access to satisfy the clientele.

### **3.1.4 Local economic development**

Recent studies indicate that local development corporations make an effective contribution to promoting entrepreneurship and creating jobs in their areas. This is why most industrialized countries are increasingly interested in local development as an approach that complements macro-economic policy. Local development is usually defined as an overall approach based on endogenous development by the community which depends on the government for guidance and financial support.

It is from this standpoint that the federal government ten years ago created its Community Futures Program (CFP). CFDCs are corporations entirely funded by the federal government. They draw on the abilities of 900 volunteer administrators and 260 permanent employees involved in their communities and managing over \$90 million in assets invested in hundreds of Quebec firms intended to help communities take charge of their own economic development.

FORD-Q is increasingly working in partnership with the CFDCs, CEDCs, local development organizations and groups trying to promote entrepreneurship in Quebec in order to increase access to federal government services. These organizations are ever more involved in the delivery of federal activities initiated by FORD-Q or the Industry Portfolio.

#### Planned results: 1997-98 to 1999-2000

- It is estimated that the 54 CFDCs will invest an overall total of \$23 million annually in more than 750 new projects, an average investment of \$30,000 per project. The investments of other CFDC partners will increase the fund to an estimated total of 5.5 times the CFDC share, or \$126 million annually. This joint investment should help to maintain and create 6,000 jobs a year in Quebec.
- The three levels of government help to fund the activities of the eight CEDCs in Quebec, creating 600 jobs and maintaining 400 others each year in the most devitalized neighbourhoods of Montreal and Quebec City. Every year, the CEDCs work with community organizations to provide training in starting up a business for over 1,200 future entrepreneurs. They also provide counselling for 350 firms and financial support for more than 100 others.

## **3.2 Regional strategic initiatives**

In order to foster a business climate favourable to investment and job creation in every region of Quebec and to ensure the consistency of government activities for effective horizontal management, FORD-Q will support regional strategic initiatives which:

- Generate a strategic impact on the regional economy.
- Result from joint or co-ordinated efforts (horizontal management) to establish a federal action strategy based on government policies and programs.
- Are intended to extend a policy, national program or federal skill/expertise, thus reflecting the added value of the federal government.
- Represent an obvious community priority, in which the community is prepared to invest.
- Promote flexible partnerships, particularly with the Quebec government.

### **3.2.1 Federal strategy for the Montreal region**

FORD-Q has two main tasks in the revitalization of the economy of the Montreal region: to ensure delivery of regular programs and services and, if need be, prepare and implement new initiatives and co-ordinate projects by other departments involved in the federal strategy for Montreal. To this end, an interdepartmental committee was set up, chaired by FORD-Q's Deputy Minister. This strategy rests essentially on five major areas of activity, around which ad hoc projects are centred as they arise.

The first area of activity involves the development of science and technology. It was in support of an initiative in this area of activity that FORD-Q contributed to the expansion of the Biotechnology Research Institute and is carefully studying a proposal to establish several environmental technology development demonstration projects.

The second area of activity focusses on international development. In this regard, FORD-Q is participating in the Montreal International Development Fund and facilitating access to the federal network and Team Canada services for all interested regional stakeholders.

Under the third area of activity, which promotes the development of SMEs, FORD-Q is supporting a number of initiatives, including the extension of Info Entrepreneurs and participation in the funding of entrepreneurship development organizations.

The fourth area of activity involves the development of culture and tourism activities. In this area, FORD-Q will act mainly as a partner, in support of other organizations more immediately involved in the projects concerned.

The same will be true of the fifth area of activity, which is devoted to local economic and social development, except with regard to funding of the Community Economic Development Corporations (CEDCs).

Planned results: 1997-98 to 1999-00

The process undertaken by the government to contribute to the revitalization of the economy of the Montreal region is based on the support of a number of federal departments and organizations and is part of existing programming.

- With the co-operation of other federal partners involved, FORD-Q will finalize the action plan and set out its main specific projects, as well as the related performance measurements.
- Under its mandate to co-ordinate this issue, FORD-Q will bring the other stakeholders together to carry out projects and will report regularly to the government on progress and/or obstacles.

### **3.2.2 Special Fund for the Development and Economic Adjustment of Quebec Fishing communities (Coastal Quebec)**

FORD-Q has two objectives in management of this fund:

- To strengthen, diversify and stabilize the economic fabric of fishing communities affected by the groundfish crisis, mainly by stimulating the establishment and expansion of local SMEs and developing new niches for displaced workers.
- To stimulate the emergence of a more favourable local development climate by helping communities develop the ability to undertake and step up group activities, economic promotion and entrepreneurship support activities.

In light of the size of Quebec's fishing areas, the fact that their economic base rests mainly on resources, such as fishing, lumbering and mining, and the limited education of the workers affected by this crisis, meeting our objectives is a major challenge. In order to maximize the funds allocated, FORD-Q is working with CFDCs in the areas to enable them to play a front line role in program delivery. The CFDCs are in the centre of activities and close to the people; they can advise promoters and communities and act as liaison officers with FORD-Q. This approach will facilitate management of the fund and ensure better community development.

Planned results: 1997-98 to 1999-00

- To maintain and create at least 300 jobs by the end of the program.

### **3.2.3 Federal Liaison Office in Jonquière**

The Saguenay-Lac St Jean, Charlevoix, North Shore and Haute Mauricie regions suffered heavy damage as a result of the torrential rain of July 19 and 20, 1996. Once emergency measures were

implemented, the federal government made FORD-Q responsible for setting up a special co-ordination and public information office, the Federal Liaison Office.

Created at Jonquière on September 5, 1996, the Federal Liaison Office co-ordinates federal efforts to rebuild and revitalize the affected regions. It uses federal government expertise by bringing federal government services and programs closer to those affected by the disaster. The Federal Liaison Office also works closely and in complementarity with the Quebec government. The mandate of the Federal Liaison Office will be from six months to two years in duration, depending on how reconstruction progresses.

Planned results: 1997-98 to 1999-00

- To play an active role in rebuilding and revitalizing the regions hit by the disaster by supporting strategic initiatives which involve federal areas of expertise.
- To work closely with the Quebec government.
- To support partner departments in carrying out specific work, studies, initiatives or projects, in complementarity with initiatives put forward by the Quebec government.
- To report at regular intervals to the authorities concerned on the progress of reconstruction.

NB: Since this initiative is in response to an emergency situation, the results can only be quantified upon termination of Liaison Office activities.

### **3.2.4 Canada-Quebec Infrastructure Works Agreement**

The national Infrastructure Works Program comes under the responsibility of the President of the Treasury Board of Canada. Under the terms and conditions of the Canada-Quebec Infrastructure Works Agreement, FORD-Q administers the program in co-operation with the Quebec Department of Municipal Affairs.

The purpose of the program is to promote the quick creation of short- and long-term jobs by renewing and improving essential local infrastructure while increasing the productivity of the economy and the quality of the environment.

Planned results: 1997-98 to 1999-00

By the end of the Agreement, \$1.9 billion will have been invested in Quebec, including \$526.8 million from the federal government. This investment will fund 2,600 projects in communities throughout Quebec and help to create 26,000 new jobs. According to the report of the Auditor General of Canada, management of the Agreement has been especially effective in Quebec.



### 3.3 Former programming

FORD-Q established its new IDEA-SME programming in April 1995. However, a number of projects funded under former programming are still being carried out and must be actively monitored to ensure compliance with conditions and payment of planned contributions. These projects come under the Canada-Quebec Subsidiary Agreement on the Economic Development of the Regions of Quebec, some specific agreements or initiatives outside the scope of agreements (see Figure 3.2.2, page 58).

### 3.4 Optimization of operating procedures

In order to meet its priorities, FORD-Q will optimize its operating procedures through the following initiatives:

#### 3.4.1 Establishment of quality process

**Gradual ISO certification:** To follow up on the federal government process entitled *Quality Service Initiative*, FORD-Q has set itself the objective of obtaining ISO 9002 certification for the IDEA-SME Program.

With this in mind, FORD-Q set up a quality system which meets ISO requirements by drawing up a quality policy and documenting its service delivery, internal support service and quality system maintenance and improvement procedures.

The quality system was set up in the Val d'Or, Sherbrooke and Montreal regional offices and in most responsibility centres at Headquarters during the final months of 1996.

The next step will be to establish the quality system in all FORD-Q regional office and obtain ISO certification for each of them.

**Establishment of the quality loop:** Creating and maintaining quality in an organization depends on a systematic approach to quality management, based on understanding and meeting client needs.

Thus FORD-Q will establish the operational elements specific to marketing — identification of client needs — and design — the definition of services and delivery methods. The objective is to obtain ISO 9001 certification by March 1998.

**Monitoring mechanism:** In the context of establishing the marketing function, FORD-Q wants to be able to identify the evolving needs of its clientele quickly and continuously. From this standpoint, FORD-Q plans to set up a monitoring mechanism to oversee its client environment. This project will use systematic tools to detect emerging trends which affect client development and the issues which result in terms of adapting services.

**Ongoing analysis of client satisfaction:** Through an ongoing analysis of client satisfaction, using evaluation questionnaires, FORD-Q will be able to measure the quality and effectiveness of its services and gain a better understanding of client needs and expectations. FORD-Q's objective

is to quantify and improve the level of client satisfaction on an ongoing basis by making any necessary changes.

**Establishment of service standards:** FORD-Q wants to establish service standards for delivery of the IDEA-SME Program and make them known to its clientele in 1998.

### **3.4.2 Performance Measurement Framework, evaluation and verification**

In its Performance Measurement Framework (PMF), FORD-Q has a tool for continuous measurement of the merit, client satisfaction, output, efficiency and economic impact of its activities.

The PMF will be completed with the establishment of a computerized key performance indicator panel. This information will be used to supply the strategic planning and marketing processes and will enable corrective measures to be taken and adjustments to be made to FORD-Q activities on an ongoing basis, based on performance.

Lastly, the PMF will include an evaluation and verification policy, as well as an annual and five-year plan for conducting these reviews. This policy and its plans will enable evaluation and verification activities to be carried out more systematically.

### **3.4.3 Internal management**

Excellence in client service, development of human resources and information management are at the heart of our internal management concerns.

As part of the ongoing ISO process, FORD-Q has established a new Quality and Evaluation Directorate, the role of which is to strive for continuous quality improvement. The quality aspect governs the business process, while the evaluation aspect measures the organization's ability to adapt to the needs of our clientele and to national policies.

The development, enhancement and respect for the individual remain values linked to the success and future of the organization. To this end, training and development continue to be priorities. FORD-Q plans to continue its efforts to increase existing employee skills and encourage the acquisition of new competencies. For this purpose, FORD-Q will this year establish its Human Resources and Succession Development Program. Spread out over three years, the program will provide FORD-Q employees with the tools and strategies to take charge of their careers and their ongoing skills development.

In terms of informatics, FORD-Q will continue to establish high performing tools to enable advisors in the field to play their role as consultants to the full. These informatics solutions enable FORD-Q to access strategic information services from partner organizations in the federal and provincial governments and the private sector.

FORD-Q can thus count on well trained human resources, an effective internal communications network and excellent tools to provide customized, professional, courteous, accessible and confidential service to all its clients.

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## **Section III**

### **Departmental Performance**

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#### **A. Summary of departmental performance**

This chapter includes FORD-Q's overall results in terms of its general objectives for the 1995-96 fiscal year.

##### **1. IDEA-SME and PEMD Program**

In 1995-96, FORD-Q established the new IDEA-SME programming, and phased it in as and when resources from administration of the old programming became available. IDEA-SME is more closely targeted than previous initiatives and is intended to provide FORD-Q with a specialized intervention tool. IDEA-SME then became the hub of FORD-Q's programming, guaranteeing a solid foundation for the accomplishment of its new mission for SMEs. During the 1995-96 fiscal year, a transition period between the old and new programming, IDEA-SME generated 477 applications for financial assistance, in addition to requests for information and strategic counselling. Already, in 1995-96, FORD-Q was able to make the first assistance payments approved in the 328 applications where an offer was made. These payments reached \$11,700,000. The Program for Export Market Development (PEMD) generated 227 applications for assistance. The PEMD is offered by FORD-Q; Department of Foreign Affairs and International Trade is reporting on budget and expenses. IDEA-SME and PEMD have created and maintained jobs. In addition, the rate of satisfaction of clients served by these programs is high. Details on the results are provided in Chapter C, page 37.

##### **2. Canada-Quebec Infrastructure Works Agreement**

FORD-Q continued to serve as Co-Chair of the Canada-Quebec Infrastructure Works Agreement. In 1995-96 alone, contributions paid totalled \$197,400,000. As at February 21, 1996, federal government contributions since the start of the program reached \$495,200,000. To date, this funding enabled 2,300 projects to be carried out and the creation of 25,270 jobs. The agreement ends in 1996-97, and other spinoff is expected and will be reported in 1996-97. In his report submitted in November 1996, the Auditor General of Canada emphasized the efficiency and sound management practices used to administer the Agreement in Quebec.

##### **3. Canada-Quebec Subsidiary Agreement on the Economic Development of the Regions of Quebec (SAEDRQ) and other similar programs**

FORD-Q continued with the final phase of delivery of the SAEDRQ programs and regional development programs still in effect during the fiscal year. Under SAEDRQ alone, FORD-Q completed analysis of the applications for funding received prior to March 31, 1995. In addition, considerable effort was required to make the payments already provided for and monitor their use. FORD-Q administered over 1,022 contribution files for firms under programs which relate to or

predate the 1995-96 agreement. In 1995-96, contributions and grants paid out in this way totalled \$19,200,000. Some agreement programs have already been evaluated. Others will be evaluated at the end of the program. Specific spinoff for these programs, when evaluated, is shown in Chapter C at page 37.

#### **4. Other activities in support of regional development and SMEs**

In its 1995-96 Estimates, FORD-Q announced its intention to promote increased joint activity by federal players in Quebec involved in regional development and support for SMEs. During this period, FORD-Q maintained its support for development corporations, development support initiatives, the National Transportation Centre, la Maison des régions and ad hoc assistance measures for the establishment of infrastructure. Most of these initiatives received their final contributions or grants in 1995-96, a total of \$4,600,000 for the fiscal year. Some of these initiatives were formally evaluated and others will be in 1996-97. The results of the completed evaluations are presented in Chapter C at page 37.

## B. Departmental Overview

This chapter includes information on highlights of the Performance Measurement Framework at FORD-Q, major changes in the organization for the 1995-96 fiscal year, key indicators and status of and plans for implementing the Performance Measurement Framework.

### 1. Highlights of FORD-Q's Performance Measurement Framework (PMF)

In his report submitted in the fall of 1995, the Auditor General of Canada devoted Chapter 19 to FORD-Q. A number of remarks made by the Auditor General were on the subject of performance measurement at FORD-Q. The report mentioned that FORD-Q had few relevant and useful indicators to ensure monitoring of key aspects of its performance and that performance indicators should be created as soon as a program was implemented. To remedy this situation, FORD-Q has since taken on the task of designing and implementing a performance measurement tool which meets administrative and Parliamentary accountability requirements and provides support in the day-to-day management of FORD-Q's internal affairs from the standpoint of strategic management focussed on client needs. The Performance Measurement Framework has now been designed and implementation has begun. The anchor for creation of the Performance Measurement Framework is the IDEA-SME Program.

The Performance Measurement Framework which FORD intended to provide continuous and uniform measurement of activities. It contains the following six elements:

- **The analytical grid** will provide for systematic and uniform formatting of all FORD-Q activities. Thus, each new initiative is articulated around six parameters which make it possible to identify the indicators and data required to measure performance as soon as the initiative has been created. These elements are the targets of the initiative, the numerical or qualitative objectives associated with each target, production activities, output, the immediate impact of the specific objectives of the initiative, and the ultimate impact of the organization's mission and corporate objectives (effectiveness measures).
- **The measurement fields** are the types of element which FORD-Q has decided to include in the measurement of its activities. They are client satisfaction, efficiency of production activities, output, continuous rationale of activities and the immediate and corporate impact.
- **Key indicators** have been developed for each measurement field. The efficiency, client satisfaction and corporate impact fields share common indicators. Indicators may vary in accordance with the type of activity for soundness of activities and immediate impact.
- **The key performance indicator** panel presents the key indicators and related analyses electronically, on an ongoing basis. Indicators are updated with a frequency consistent with economical data collection. Short analyses are included with the updated results.
- **The performance measurement policy** is being prepared and should be approved by the end of the 1996-97 fiscal year. The policy will establish the regulations and procedures for performance measurement, as well as an organizational accountability framework and roles and responsibilities to keep the operation running smoothly.

- **Annual and multi-year plans** will be established at the beginning of each fiscal year and will contain information on the work to be accomplished at every level, with specific timetables.

The Performance Measurement Framework will become a management and accountability tool for FORD-Q. It has been designed to adjust to changing program situations through the addition or withdrawal of initiatives, ensuring that performance measurement focusses on a specific number of relevant key indicators.

## **2. Major organization changes in 1995-96 and key indicators**

This section includes the major changes in the organization for the 1995-96 fiscal year which had an impact on performance measurement. Also included are the key indicators which FORD-Q intends to use in future to measure its performance.

### **2.1 Changes in FORD-Q's mission**

In 1995-96, with the introduction of IDEA-SME, FORD-Q redirected its mission, which is now focussed on a dynamic contribution to opportunities which arise for the support of regional development and the competitiveness of SMEs. In specific terms, FORD-Q plans to support development of the economic potential of Quebec regions and the creation of sustainable jobs by fostering a business climate which enables SMEs to prosper and grow. This new direction gives greater importance to FORD-Q's relations with its clientele, with the result that client satisfaction has become an essential parameter in measuring the performance of FORD-Q.

These changes directly affect corporate performance measurement and call for the creation of key indicators which reflect the contribution FORD-Q wants to make to SMEs and the economic potential of Quebec. The corporate indicators which FORD-Q intends to use in future to measure performance are:

- Client satisfaction
  - Client profile
  - Accessibility of services
  - Ability to respond to client needs
  - Response time
  - Courtesy of staff
  - Professionalism of staff
  - General quality of service
- Continuous rationale
  - Budget utilization by initiative
  - Marginal utility of assistance per client

- Output (business volume)
  - Number of files handled
  - Number of files per area of activity
  - Number of files per type of intervention (financial and non-financial)
  - Number of files per type of activity for which assistance was granted
- Corporate impact
  - Creation and maintenance of jobs
  - Economic dependency rate
  - Increased revenue of SMEs
  - Number of new exporting SMEs
  - Business start-ups
- Efficiency
  - Time required to handle applications
  - Number of programs
  - Qualitative indicators resulting from internal audits

## **2.2 Changes in FORD-Q programming**

FORD-Q established its IDEA-SME Program in 1995-96. The Program includes four main areas of activity: Innovation, research, development and design, Development of markets, Export, and entrepreneurship and development of the business climate. These areas of activity, with catalyst projects, are the main targets which FORD-Q will try to improve with its programming. Each of these areas includes specific activities based on the regional context, as well as some activities that are common to all regions. In every case, the indicators used to measure FORD-Q's accomplishments under this programming are divided into two categories: awareness and changes in the attitude of SMEs, and changes in the behaviour of SMEs. The key indicators are:

- Immediate impact: awareness and changes in the attitude of SMEs
  - Number of SMEs aware of innovation, research, development and design
  - Number of SMEs aware of market diversification and export
  - Number of individuals aware of entrepreneurship
- Immediate impact: changes in the behaviour of SMEs
  - Use of new technology
  - Development of new products
  - Marketing of new products
  - Identification of new technology
  - Identification of new business opportunities
  - Market diversification

- Increased marketing activities on new markets
- Increased R&D effort by SMEs

These key indicators will be enriched by specific initiatives which will be put forward under the IDEA-SME Program. For instance, catalyst projects will need specific measurements to reflect their objectives.

### **3. Status and implementation plan for the Performance Measurement Framework**

IDEA-SME is the point of departure for implementation of the PMF. For the 1995-96 fiscal year, data were collected to measure client satisfaction, output, efficiency, and short-term impact of applications for financial assistance. This work, at the same time, allowed for verification of the feasibility of the project and enabled the necessary corrective measures to be taken. In addition, since the fall of 1996, we have been systematically formatting new FORD-Q initiatives to fit a uniform format based on the analytical grid designed for the PMF. Lastly, some programs under the former programming and special projects which were under way, for which spinoff should be collected have been formatted for inclusion in the PMF. For example, the Salmon Economic Development Program, spinoff from which will continue for several years longer, will be included in the PMF.

The main steps in the implementation plan are as follows:

- **1996-97:**
  - Measure performance for applications for financial assistance in all measurement fields for IDEA-SME and PEMD since 1995-96.
  - Finalize computerization and data collection so as to obtain the information required to measure the performance of all applications under IDEA-SME, both financial and non-financial.
  - Computerize the presentation of data in the form of a key performance indicator panel for IDEA-SME and PEMD performance data.
  - Format all new initiatives so as to guarantee performance measurement during implementation of initiatives starting in 1997-98.
- **1997-98:**
  - Collect the data required for performance measurement of IDEA-SME and PEMD and all new initiatives in a continuous way.
  - Create a key performance indicator panel which shows changes in performance in a continuous way and establish performance standards based on previous results.



## C. Performance for the 1995-96 fiscal year

### 1. FORD-Q's mission

FORD-Q's mission statement stipulates that: "Through its commitment to providing a service adapted to its clients, FORD-Q supports the development of the economic potential of Quebec's regions and the creation of sustainable employment by encouraging a business climate conducive to the success and growth of small and medium-size businesses."

### 2. Budget estimates and actual expenditure for 1995-96

As Figure 8 indicates, 1995-96 expenditures, totalling \$376.2 million, were 20%, or \$95.2 million, lower than the amount of \$471.4 million forecast in the 1995-96 Estimates. This state of affairs results mainly from the unspent portion of transfer payments carried forward to subsequent years. More than \$60 million was carried forward for the Canada-Quebec Infrastructure Works Program, for which the balance carried forward is made up of a range of variations under former programming.

**Figure 8: Forecast and actual voted expenditure for the Department**

(in thousands of dollars)	Actual 1993-94	Actual 1994-95	Main Estimates 1995-96	Actual 1995-96
<b>Activity</b>				
Promotion of Economic Development of the Regions of Quebec	184,596	267,401	471,375	376,220
<b>Total</b>	<b>184,596</b>	<b>267,401</b>	<b>471,375</b>	<b>376,220</b>

### 3. Results

The results are shown on the basis of the measurement fields for the 1995-96 fiscal year, as described in Chapter B of this section. They are client satisfaction, the soundness of assistance provided, output, impact and efficiency.

As mentioned in Chapter B, results for the 1995-96 fiscal year concern only the delivery of services to clients in businesses and organizations and do not include corporate activities such as program design, the preparation of reports for Parliament and the central agencies, liaison activities and other similar activities.

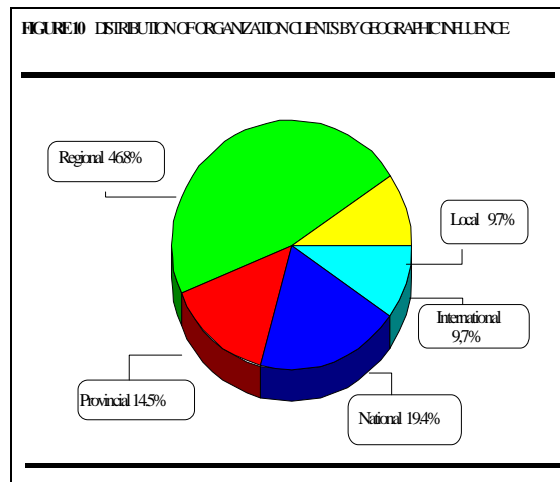
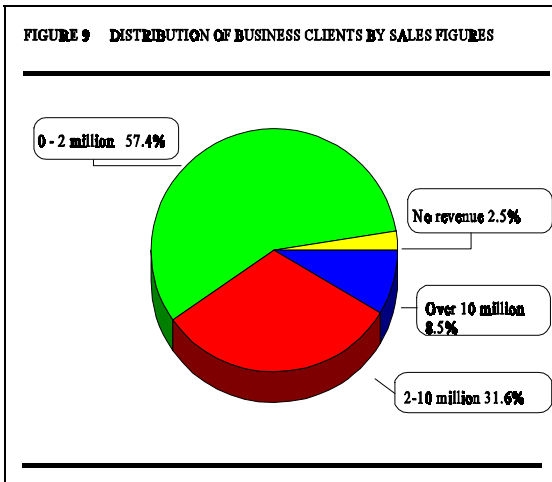
#### 3.1 Client satisfaction

Measurement of client satisfaction refers to IDEA-SME and PEMD for clients receiving financial assistance in 1995-96. The methodology used to obtain this information is provided in section 3.4 of this chapter, page 42.

### 3.1.1 Client profile

79.8% of FORD-Q's clientele is made up of businesses, while 20.2% of clients are organizations providing support for SMEs. The average number of employees of business clients was 32.4, and 57.4% posted annual sales of less than \$2 million (see Figure 9).

On average, 11% of organization clients are for-profit organizations, while 89% are non-profit. 46.8% of these organizations are regional in scope, while 19.4% are national (see Figure 10).



### 3.1.2 Accessibility of services

74.9% of clients said they were completely satisfied with the accessibility of FORD-Q's services, while 22.8% said they were moderately satisfied (see Figure 11).

### 3.1.3 Ability to respond to client needs

71% of clients said they were completely satisfied with FORD-Q's ability to respond to their needs, while 25% were moderately satisfied (see Figure 12).

### 3.1.4 Response time

66.5% of clients said they were completely satisfied with response time, while 28.3% were moderately satisfied (see Figure 13).

### 3.1.5 Courtesy of staff

92.8% of clients said they were completely satisfied with the courtesy of the staff, while 4.9% said they were moderately satisfied (see Figure 14).

### **3.1.6 Professionalism of staff**

87.9% of clients said they were completely satisfied with the professionalism of the staff, while 9.1% said they were moderately satisfied (see Figure 15).

### **3.1.7 General quality of service**

82.1% of clients said they were completely satisfied with the quality of service in general, while 14.9% said they were moderately satisfied (see Figure 16).

## **3.2 Continuous rationale of assistance provided**

The continuous rationale measurement involves IDEA-SME and PEMD. In the coming years, two indicators will be used to measure the continuous rationale of FORD-Q initiatives:

- **Budget utilization by initiative**

We cannot present the budget utilization by initiative for 1995-96. The information required to prepare this indicator will be collected starting with the 1997-98 fiscal year.

- **Marginal utility of assistance per client**

- 89% of the clients said that they would not have been able to carry out their projects in the same timeframe and with the same scope without the assistance provided by FORD-Q.
- In the case of 64% of clients, no other assistance from government organizations was combined with that received from FORD-Q, while 36% received combined assistance.

# CLIENT SATISFACTION

FIGURE 11: ACCESSIBILITY OF SERVICE

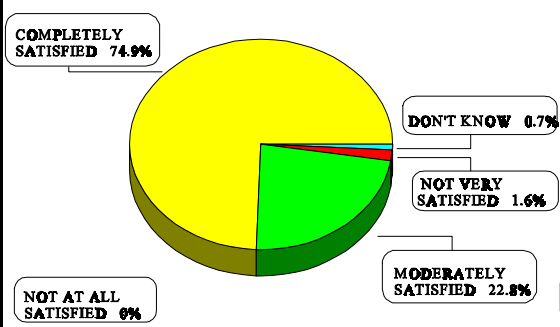


FIGURE 12: ABILITY TO RESPOND TO NEEDS

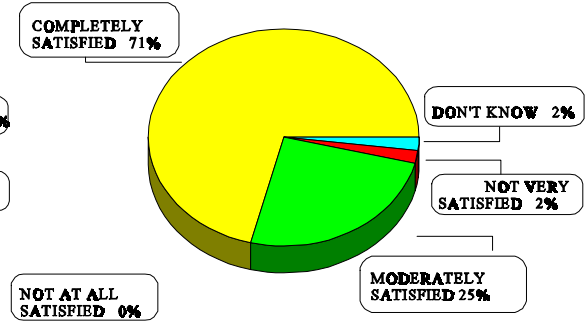


FIGURE 13: RESPONSE TIME

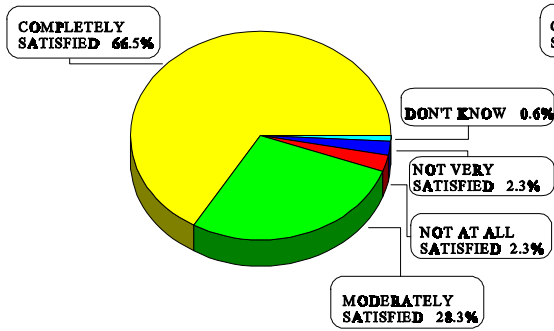


FIGURE 14: COURTESY OF STAFF

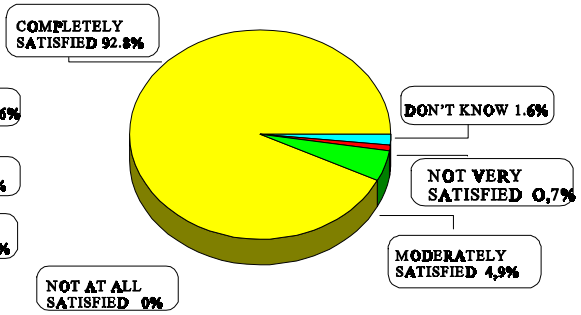


FIGURE 15: PROFESSIONALISM OF STAFF

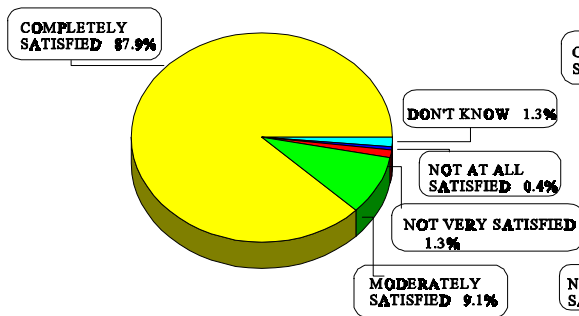
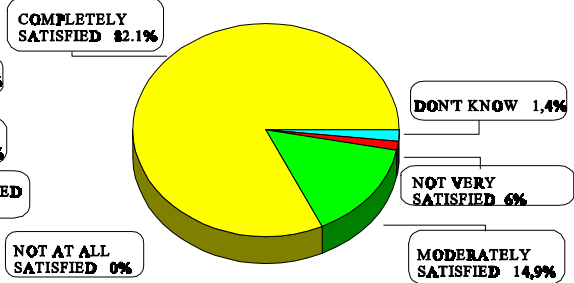


FIGURE 16: QUALITY OF SERVICE



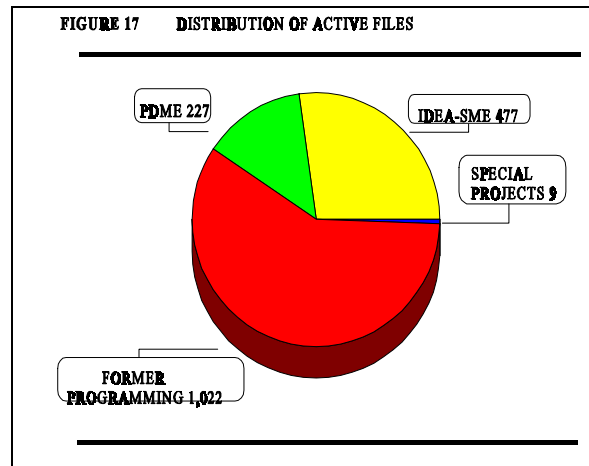
### 3.3 Output

Data on program output were systematically collected during October and November 1996 throughout regional offices. These data will be introduced into the key performance indicator panel in early 1997, and will be adjusted upwards to take into account the files which were in transit for administrative purposes within the organization when the data was collected. Consequently, the data presented here is a slight underestimate of the volume of business under the old programming.

#### 3.3.1 Number of files handled

More than 1,735 files were active during the 1995-96 fiscal year. They included new applications, as well as administration of commitments made during previous years (see Figure 17), with the exception of the Canada Infrastructure Works Program.

During 1995-96, over half of the files handled by FORD-Q concerned former programming. Out of 1,022 former programming files, 39 did not proceed to an offer of funding, which leaves 983 active files. Since most files handled in 1995-96 had been transferred from previous years, this ratio does not reflect the approval rate of applications under the former programming, but gives an indication of the volume of business during the year.



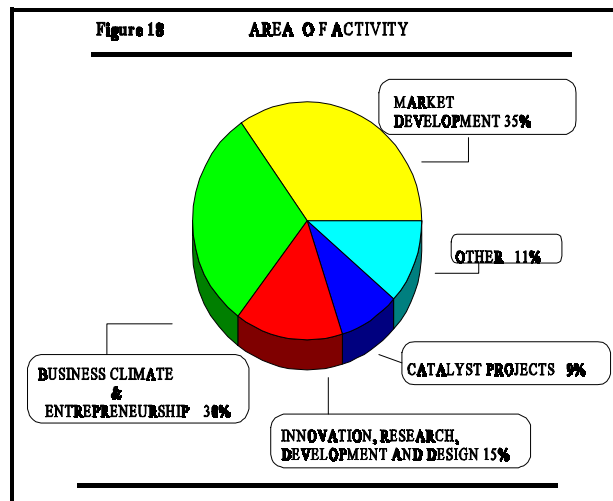
FORD-Q successfully proceeded with its IDEA-SME programming, handling 447 applications for financial assistance. In 1995-96, applications under the IDEA-SME and PEMD programs do not include applications for non-financial assistance such as advice or strategic information FORD-Q offers its clientele. This data will be collected starting in the 1997-98 fiscal year with the computerization of the key performance indicator panel. To this level of business activity under IDEA-SME are added 227 applications for financial assistance made under the Program for Export Market Development (PEMD).

Of the 704 applications for financial assistance (IDEA-SME and PEMD), 484, or 69% resulted in an offer from FORD-Q. Some applications which had not resulted in an offer were still being analysed during the collection of information.

### 3.3.2 Number of files by area of activity

Files active under the former programming were broken down into various programs, the largest of which were the Manufacturing Productivity Improvement Program and the Enterprise Development Program - Tourism component (see Figure 19 at page 43).

The 477 offers of assistance made under IDEA-SME and PEMD were grouped around four areas of activity: innovation, research, development and design (15%), market development (35%), entrepreneurship and business climate (30%) and catalyst projects (9%) (see Figure 18).



### 3.3.3 Number of files by nature of intervention

Under IDEA-SME, excluding the special project with the Haut Richelieu Economic Council (Fort St-Jean campus), 48% of contributions approved in 1995-1996 were repayable, while 52% were non-repayable.

The information which will allow financial assistance to be distinguished from other types of assistance will be collected during the 1997-98 fiscal year.

### 3.3.4 Number of files by type of activity

The 983 files active under former programming were seeking funding for a variety of activities, chiefly capital funding (see Figure 20).

The 477 offers made under IDEA-SME and PEMD targeted a variety of activities, such as market studies, business plans and trade missions (see Figure 21).

## 3.4 Impact

The first part of this section contains information on the impact of IDEA-SME and PEMD according to the new Performance Measurement Framework. Some of the impact from evaluation studies of other FORD-Q initiatives is shown in the second part.

**Figure 19 Breakdown of files active under former programming by area of activity**

	<b>NB</b>	<b>%</b>
Manufacturing Productivity Improvement Program (MPIP)	259	26.0
Enterprise Development Program, Tourism component (EDP-T)	148	15.1
Enterprise Development Program, Industry component (EDP-I)	131	13.3
Innovation Assistance Program (IAP)	134	13.6
Program for Disadvantaged Areas (PDA)	109	11.1
Industrial Recovery Program for Southwest Montreal (IRPSM)	36	3.7
Montreal Development Fund Program (MDFP)	30	3.0
Regional Development Program for Quebec (RDPQ)	16	1.6
Salmon Economic Development Program (SEDP)	23	2.3
Industrial Recovery Program for East End Montreal (IRPEEM)	17	1.8
Support Program for Regional Development Activities (SPRDA)	19	1.9
Support Program for Research Institutes (SPRI)	15	1.6
Tourist Attraction and Infrastructure Assistance Program (TAIAP)	12	1.3
Support Program for Technology Development Assistance Centres (SPTDAC)	4	0.5
Support of Major Regional Infrastructure (SMRI)	4	0.5
Industrial Infrastructure Assistance Program (IIAP)	3	0.3
Other	23	2.4
<b>TOTAL</b>	<b>983</b>	<b>100.0</b>

**FIGURE 20  
TYPE OF ACTIVITY  
FORMER PROGRAMMING**

	<b>NB</b>	<b>%</b>
STUDY	42	4.3
ENTERPRISE PROJECT	84	8.5
CERTIFICATION	3	0.3
ORGANIZATION OF ACTIVITES	12	1.2
FIXED ASSETS	709	72.0
PARTICIPATION IN AN ACTIVITY	2	0.2
DEVELOPMENT OF PROMOTIONAL MATERIAL	22	2.2
OPERATING COSTS	2	0.2
OTHER	107	11.0
<b>TOTAL</b>	<b>983</b>	<b>100.0</b>

**FIGURE 21  
TYPE OF ACTIVITY  
IDEA-SME AND PEMD**

	<b>NB</b>	<b>%</b>
STUDY (E.G. MARKET/FEASIBILITY)	105	22.0
ENTERPRISE PROJECT	43	8.8
CERTIFICATION	21	4.3
INFORMATION	2	0.4
PARTICIPATION IN ACTIVITY	13	2.7
FIXED ASSETS	5	1.0
OPERATING COSTS	10	2.0
DEVELOPMENT OF PROMOTIONAL MATERIAL	20	4.1
ORGANIZATION OF ACTIVITIES	43	8.8
TRADE MISSION	156	32.2
CATALYST PROJECTS	28	5.8
OTHER	38	7.9
<b>TOTAL</b>	<b>484</b>	<b>100.0</b>



### **3.4.1 IDEA-SME and PEMD**

This section deals first with the limits and the methodology used to obtain additional information from clients. The impact is then presented, based on the key indicators identified in Chapter B of this section. The data presented constitute the information received, and no projections were made.

#### **Methodology and limits for requests for additional information**

The additional information requested from firms and organizations to complete administrative files was gathered in co-operation with the École nationale d'administration publique (ÉNAP). The work was carried out in 3 steps: preparation of forms for requests for additional information, supervision of data collection and data processing. Data collection was carried out from the telephone exchange of the Quebec City offices of the firm Impact Recherche.

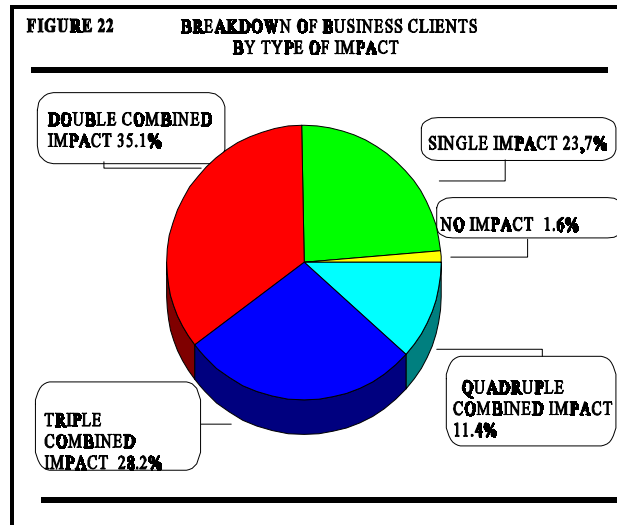
To start with, 445 business and organizations were identified as clients in FORD-Q files. However, along the way, 54 files had to be excluded for the following reasons: assistance not received, not used or project not started (16), wrong number, number replaced by an unlisted number, answering machine, facsimile (38).

Of the 391 eligible files, 307 requests for information were completed (245 firms and 62 organizations). Uncompleted requests (84) were broken down as follows: refusal to respond (6), persons able to respond absent during data collection period (62), no answer after five calls (12), other (4). We then reached 78.5% of the clientele who received assistance in 1995-96 under IDEA-SME and PEMD.

Requests for information were completed from November 25 to 29, with 7 professional interviewers taking part. Five attempts were made to reach each client before the number was rejected. Two forms were used. The first, for businesses, contained 53 questions, while the second, for organizations, contained 48 questions. The forms took an average of 10 minutes to complete. Clients were welcome to provide information in either French or English.

### Comments on the nature of the impact

The impact on businesses reached many of the targets of FORD-Q activities. In some cases, firms reported a single impact on only one target, while in other cases, the assistance received produced a simultaneous impact on a number of targets. In all, 4 companies reported no impact, while 58 firms reported a single impact on one of FORD-Q's four main targets: innovation, market development, business climate and entrepreneurship and micro-economic effects on the firm (revenue, jobs, spending). Eighty-six firms reported simultaneous impact on a combination of two targets, 69 reported simultaneous impact on a combination of three targets, while 28 firms reported simultaneous impact on the four targets of the programming (see Figure 22).



### Corporate impact

- Job creation and maintenance

Job creation and maintenance concerned only business clients. Organization clients were intermediaries and did not directly create jobs. In 1997-1998, the data on those receiving assistance from these organizations will enable us to measure the impact of their activities on employment. Out of 244 client businesses, 56 reported no impact on jobs. Overall, results were as follows:

- 49 (20.0%) firms reported creation of an average of 5.5 jobs.
- 62 (25.4%) firms reported the maintenance of an average of 4.6 jobs.
- 77 (31.6%) firms report simultaneous impact on job creation (an average of 4.3) and maintenance (an average of 9.5).
- 56 (23.0%) reported no job creation and no job maintenance for the moment.
- Rate of economic dependency
  - This indicator will be introduced in the performance report in the fall of 1997-98.

- Business start-up
  - 31 firms reported that the assistance received was crucial in starting up the firm.
- Growth of SME revenue
  - 132 firms reported increased revenue after the assistance was received.
  - 90 firms put a figure on their increased revenue, with the average increase being \$460,000.
- New exporting SMEs
  - This indicator will be introduced in the performance report in the fall of 1997-98.

**Immediate impact: awareness and attitude of SMEs**

- The number of SMEs aware of innovation, research, development and design
  - 13 organizations held activities related to ISO certification, in which 214 firms participated.
  - Of the 16 organizations which held activities related to new product development, 13 identified a total of 263 participating firms.
  - 9 organizations held activities related to the establishment of new production technology, in which 241 firms participated.
  - Of the 19 organizations which held activities related to the commercialization and marketing of new products, 16 identified a total of 292 participants.
- The number of SMEs aware of market diversification and export
  - 12 organizations held activities concerning the signing of sales contracts in other Canadian provinces, and 9 of these organizations reported a total participation of 279 firms.
  - 2 organizations held activities concerning the signing of sales contracts with government, which were attended by 102 participants.
  - 21 organizations held activities concerning the signing of sales contracts in other countries, and 16 of these organizations reported a total of 464 participants.
- The number of individuals aware of entrepreneurship
  - Of the 12 organizations which held group activities related to starting up a business, 9 reported a total of 844 participants.

### **Immediate impact: behaviour of SMEs**

- Use of new technology
  - 55 firms began using new technology.
- Development of new products
  - 82 developed a new product.
- Identification of new technology
  - This indicator will be introduced in the performance report in the fall of 1997-98.
- Marketing of new products
  - 96 firms marketed a new product.
- Identification of new business opportunities
  - 47 firms reported that they had developed new business partnerships through the assistance received.
- Diversification of markets (local, provincial, national and international) by SMEs
  - Assistance from FORD-Q enabled 204 firms to carry out market development activities.
  - 135 of these firms reported that the assistance received enabled them to make sales on new markets. There was an impact on diversification on a number of markets at the same time. In fact, 34 firms made sales in other parts of Quebec, 34 in other provinces, 122 in other countries and 7 under government contracts.
- Increased marketing activities in new markets
  - 180 firms reported that the assistance received resulted in increased spending on prospecting for new markets. The average increase reported by 143 of these firms was \$55,953.
- Increased R&D by SMEs
  - 86 firms reported that FORD-Q assistance resulted in increased spending on innovation. The average increase for 84 of these firms was \$101,736.

### **3.4.2 Other programs**

#### **Industrial Recovery Program for Southwest Montreal (IRPSM)**

The following are the main findings of the evaluation of the Industrial Recovery Program for Southwest Montreal (IRPSM):

- Overall, IRPSM enabled 55 projects to be carried out in 48 firms. Of these firms, 38 were in the manufacturing sector, and 11 projects involved new establishments.
- The evaluation indicated that IRPSM has considerable economic impact:
  - With contributions of about \$17 million, IRPSM generated \$50 million in additional funding.
  - IRPSM contributed to maintaining and creating 1,000 jobs.
  - Almost three quarters of sampled firms reported that the assistance received had a direct effect on increasing their production capacity and/or sales.
  - More than three quarters of sampled firms reported that the assistance received had an indirect effect on their foreign market activities (generally US).
  - Through IRPSM, new sectors of activity sprang up in the Southwest, including:
    - printed circuits and home automation equipment;
    - biotechnology;
    - metal heating.
  - The evaluation indicated that more than two thirds of sampled firms planned further investment in the Southwest over the next three years.
- Nearly half of firms questioned during the evaluation reported that they would not have been able to carry out their project without the assistance of IRPSM. Others declared that they would have carried out their project, but would not have been able to do so as quickly and/or would have scaled back its size. Others reported that they would have carried out their project, but not in the Southwest.

#### **National Center for Public Transportation (NCPT)**

The Treasury Board decision of March 30, 1992, regarding the granting of a financial contribution to the NCPT, required that an evaluation of the results be carried out at mid-point in the four-year program.

After two years of operation, the NCPT has largely attained its objectives:

- The NCPT has established a marketing strategy in order to ensure that it is self-sufficient by the time FORD-Q's involvement is finished and to make sure that the Centre grows in the coming years. It would appear that the self-funding requirements for the first two years of operation were exceeded. The NCPT will no longer need financial support from the government, since its operations are profitable.
- The contract rate in major firms fell from 90% in 1992 to 51.5% in 1993 in order to encourage R&D projects in SMEs.
- Following the review, it would appear that the Centre has had a major lever effect on R&D carried out in its sector of activity.
- The evaluation demonstrated that contributions by FORD-Q were essential to starting up NMTC activities.

### **Maison des régions (MRQ)**

In its decision of June 18, 1992 regarding the granting of a financial contribution to the MRQ, Treasury Board requested that an evaluation of the results be carried out at mid-point in the program.

The results of this mid-point evaluation indicate that:

- The MRQ has reset its objectives to ensure that it is funded by its clientele, which is made up of regional and local firms and organizations.
- The MRQ has improved its range of services by introducing three services: Info-Plus, which is a front-line information service; the Window on the regions, which is a CD-ROM on the overall physical and socio-economic characteristics of the regions of Quebec; and, lastly, thematic Windows which explore in detail some aspects of the Quebec economy.
- However, Info-Plus appears to be a duplication of a service already provided by Info Entrepreneurs.
- The sponsorship program appears overly optimistic. According to the evaluation which was carried out, it should be extended over a longer period.
- Lastly, the evaluation indicates that some services, including the Window on the regions, appear promising.

### **3.5 Efficiency**

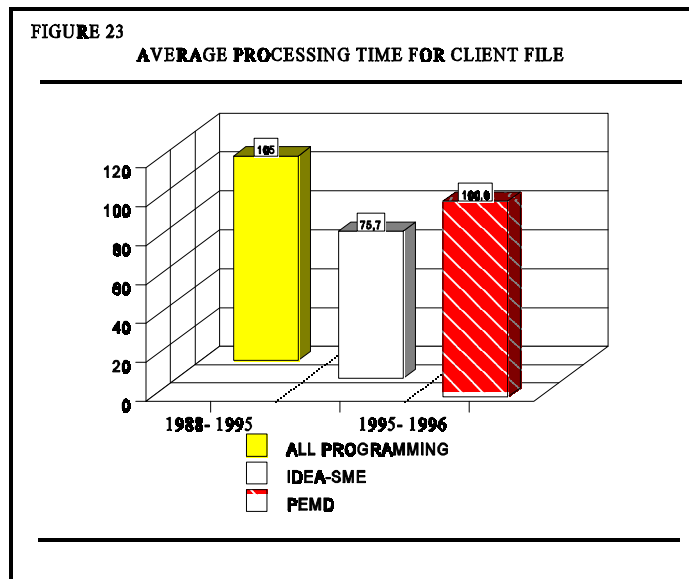
This section provides the efficiency calculations for IDEA-SME and PEMD, as well as the Auditor General's remarks on administration of the Canada-Quebec Infrastructure Works Agreement.

### 3.5.1 Time required to process an application

The efficiency of production activities was measured for activities under IDEA-SME and PEMD. For these files, we calculated the total average number of days required to process a file, from receipt of the application to the final decision.

The average processing time for a file which culminated in an offer was 100.6 days for PEMD (based on 145 files reviewed).

The average processing time for a file which culminated in an offer was 75.7 days for IDEA-SME (based on 278 files reviewed).



In his report of November 1995, the Auditor General of Canada calculated that the average time required to process an application between 1988 and 1995 was 105 days. FORD-Q has therefore improved its efficiency considerably since the introduction of IDEA-SME (see Figure 23).

### 3.5.2 Number of programs

In 1994-95, FORD-Q provided assistance under 36 contribution programs. In 1995-96, the number fell to 32. By eliminating programs for which applications are no longer being accepted, even if payments remain to be made, there will be 25 programs in 1996-97 and 22 in 1997-98. FORD-Q is thus providing more closely targeted services.

### 3.5.3 Quality indicators resulting from internal audits and verifications

#### The Canada-Quebec Infrastructure Works Agreement

In his report of November 1996 on the Canada Infrastructure Works Program, the Auditor General of Canada cited as an example the management practices used in administration of the agreement in Quebec. He emphasized that the monitoring system in Quebec was more effective than elsewhere in the country and that it was supported by a sound and timely audit operation. He also mentioned that, although the method for estimating additional investments used in Quebec could be further improved, it was more comprehensive than that used elsewhere in the country and had clear advantages.

### **3.6 Conclusion**

As shown in the section on performance, FORD-Q has made a considerable effort to improve performance measurement for its activities. This effort has borne fruit and FORD-Q plans to continue in the same vein during the coming years, finalizing implementation of its Performance Measurement Framework and improving it constantly.



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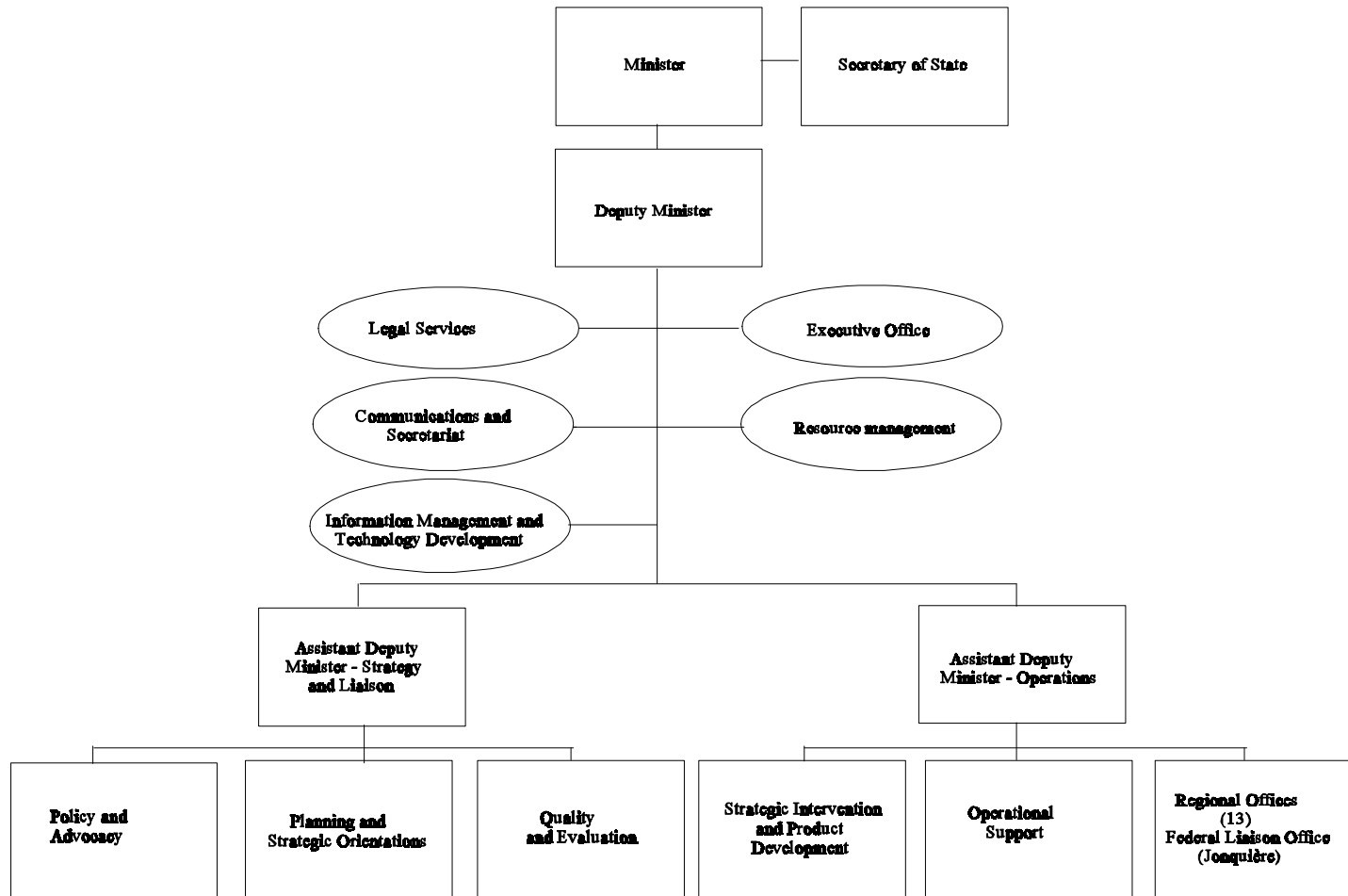
**Section IV**  
**Supplementary Information**

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## 1. Organization

### 1.1 Organizational Chart of the Federal of Regional Development - Quebec



## 2. Personnel Requirements

### 2.1 Summary by Professional Category (FTEs)

	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
<b>Order in Council appointments</b>	1	1	1	1	1	1
<b>Executive Group</b>	15	13	13	16	16	16
<b>Scientific and Professional</b>	12	12	10	10	10	10
<b>Administrative and Foreign Service</b>	158	159	169	177	177	177
<b>Technical</b>	3	3	3	2	2	2
<b>Administrative Support</b>	65	59	56	59	59	59
<b>Operational</b>	1	0	1	0	0	0
<b>Total</b>	<b>255</b>	<b>247</b>	<b>253</b>	<b>265</b>	<b>265</b>	<b>265</b>

### 3. Additional Financial Information

#### 3.1 Net Program Expenditures by Activity

##### Financial Requirements 1997-98

(thousands of dollars)

Activity	Gross Expenditures Total	Revenue to the vote	Total Program Main Estimates	Spending Authorities	
				Statutory Expenditures	(Voted) (Appropriations) Non Statutory Expenditures
Promotion of the Economic Development of the Regions of Quebec	296,407	--	296,407	83,400 <sup>1</sup>	213,007
Total Program	296,407	--	296,407	83,400	213,007
Revenue credited to the Vote	--		--		
Other Revenue and Expenditures					
Revenue credited to the Consolidated Fund <sup>2</sup>	(30,000)		(30,000)		
Estimated Cost of Services by other Departments <sup>3</sup>	2,996		2,996		
<b>Net Program expenditures</b>	<b>269,403</b>		<b>269,403</b>		

1 The liabilities under the *Small Business Loans Act* are included. Contributions to employee benefit plans already included in Business Lines Gross Expenditures.

2 For more information, see Figure 3.2.1 List of Revenues, page 57

3 The Estimated Cost of Services by other Departments at an amount of 2,996 included:

- Accommodation provided by Public Works and Government Services Canada 1,999
- Services provided without charge by the Treasury Board 997

## 3.2 Revenues and Expenditures

### 3.2.1 List of Revenues (millions of dollars)

	Actual 1994-95	Actual 1995-96	1996-97 Estimates	1997-98 Estimates	1998-99 Planned	1999-00 Planned
<b>Revenue credited to the Consolidated Revenue Fund</b>						
<i>Promotion of the Economic Development of the Regions of Quebec</i>						
Service charges - Loans Guarantees <sup>1</sup>	26	17	14	17	14	12
Recovery of expenditures from previous fiscal years <sup>2</sup>	9	7	10	10	14	16
Loans interest <sup>3</sup>	6	3	2	2	2	1
Year-end creditor adjustments	1	-	2	1	1	1
<b>Total Revenue credited to the Consolidated Revenue Fund</b>	<b>42</b>	<b>27</b>	<b>28</b>	<b>30</b>	<b>31</b>	<b>30</b>

- 1 This item represents charges paid by approved lenders under the *Small Business Loans Act* and the *Loan Insurance* component of the Atlantic Enterprise Program.
- 2 This item refers primarily to the reimbursement of refundable contributions made by FORD-Q. The amounts represent estimated accounts receivable, without taking contingent losses into account.
- 3 See Figure 3.3.1 Summary of loans as at April 1 of each year, page 62

## 3.2 Revenues and Expenditures

### 3.2.2 Detail of Transfer of Payments (thousands of dollars)

	Actual 1994-95	Actual 1995-96	1996-97 Estimates	1997-98 Estimates
<b>Grants</b>				
<i>Promotion of the Economic Development of the Regions of Quebec</i>				
Grants under the Innovation Development Entrepreneurship and Access Program (IDEA) for small and medium businesses				
	--	3	300	1,056
<b>Total Grants</b>	--	3	300	1,056
<b>Contributions</b>				
<i>Promotion of the Economic Development of the Regions of Quebec</i>				
Contributions under the Innovation Development Entrepreneurship and Access Programm (IDEA) for small and medium businesses				
	--	11,715	21,906	60,092
Contributions under the Community Futures Program				
	--	15,714	12,670	12,670
Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities				
	--	--	2,970	5,826
Contributions to the province of Quebec under the Canada Infrastructure Works Agreement				
	92,362	197,368	160,945	74,000
Contributions under the Manufacturing Productivity Improvement Program				
	18,767	9,073	5,030	2,037
Contributions under the Enterprise Development Program				
	16,387	8,515	6,057	1,929
Contributions under the Support Program for Research Institutes				
	17,942	9,828	21,789	11,953
Contributions under the Canada/Quebec Sub- Agreement on the Development of the Tourism Industry				
	7,590	2,165	3,365	1,759
Contributions to the Innovation Assistance Program				
	6,484	3,648	3,215	969
Contributions under the Quebec Salmon Economic Development Program				
	2,299	3,581	2,517	1,155
Contributions under the Program for Disadvantaged Areas				
	5,571	2,500	2,762	1,230

	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>
Contributions under the Support Program for Regional Development Activities	2,881	801	310	104
Contributions under the Tourist Attraction and Infrastructure Assistance Program	4,878	3,669	1,658	91
Contributions under the Support Program for Technology Development Assistance Centres	852	861	393	120
Contributions under the Industrial Recovery Program for East-End Montréal	7,081	4,239	3,467	2,943
Contributions to the Montréal Development Fund	7,009	8,000	6,972	5,134
Contributions under the Industrial Recovery Program for Southwest Montréal	2,967	3,324	1,588	1,127
Contributions under the Gaspé/Magdalen Islands Program	318	296	306	50
Contributions in support of major regional infrastructure	6,290	1,788	1,001	238
Regional Development Program for Quebec	4,224	3,019	4,354	412
(S)Liabilities under the <i>Small Business Loans Act</i>	16,399	43,978	70,000	83,400
Canada/Quebec Agreement to improve access for industries in Southwest Montréal	4,373	3,738	2,000	500
Contributions for Development of Cultural Infrastructure	3,762	6,134	4,131	200
<b>Total Contributions</b>	<b>228,436</b>	<b>343,954</b>	<b>339,406</b>	<b>267,939</b>
<b>Items not required</b>				
Grants to the Gaspé/Magdalen Islands Economic Development Corporation	500	--	250	--
Grants under the Montréal Development Fund	90	47	19	--
Grants under the Program for Regional Development-Quebec	1,022	1,143	1,150	--
Contributions under the <i>Industrial and Regional Development Act</i> and outstanding commitments under discontinued predecessor programs	2,486	17	485	--
Incentives to encourage the participation of Quebec businesses in federal government procurement programs	277	86	26	--
Contributions under the Special Program for the Laprade Region	4,357	425	93	--

	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>
Contributions under the Canada/Quebec Industrial Infrastructure Assistance Program	162	593	--	--
Contribution to the National Centre for Public Transportation	783	397	--	--
Contributions to support the "Maison des régions"	300	152	--	--
Contribution under the Assistance Program for Montréal Regional Development	70	52	--	--
Contributions under the Support Program for Fashion Design	277	2	--	--
Contributions to the Saguenay—Lac-St-Jean Economic Development Corporation	600	605	--	--
Contributions under the Special Assistance Program for the Quebec Metro High Tech Park	294	284	--	--
Contributions to the Montréal International Convention Centre	783	616	--	--
(S) Insurance payments - Atlantic Enterprise Program	588	202	--	--
Contributions under the Atlantic Enterprise Program	62	--	--	--
Contributions under the Southwest Montréal Housing Program	65	--	--	--
Grants to the Corporation for the Economic and Social Renewal of Southwest Montréal	50	--	--	--
Contribution to the "Commission Scolaire de la Vallée de la Matapédia" in Causapscal	1,056	--	--	--
Contributions to the Maritime Institute of Quebec in Rimouski	307	--	--	--
Contributions to a Regional Seniors' Centre at Jonquière	60	--	--	--
Contributions under the "Programme de la Société du théâtre Capitole de Québec"	150	--	--	--
<b>Total items not required</b>	<b>14,339</b>	<b>4,621</b>	<b>2,023</b>	<b>--</b>
<b>Total Grants and Contributions</b>	<b>242,775</b>	<b>348,578</b>	<b>341,729</b>	<b>268,995</b>



### 3.2 Revenues and Expenditures

#### 3.2.3 Presentation by Standard Object (thousands of dollars)

	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
<i>Personnel</i>						
Salaries and wages	15,011	15,604	15,401	14,955	14,867	15,010
Contribution to employee benefits plan	1,949	2,068	2,233	2,542	2,527	2,552
	<b>16,960</b>	<b>17,672</b>	<b>17,634</b>	<b>17,497</b>	<b>17,394</b>	<b>17,562</b>
<i>Goods and services</i>						
Transportation and telecommunications	1,872	1,989	2,733	2,500	2,500	2,500
Information	767	1,953	1,640	2,000	1,800	1,800
Special and professional services	2,996	3,825	4,593	3,100	3,195	3,040
Rentals	382	487	380	2,000	2,000	2,000
Purchased repair and maintenance	85	159	100	50	50	50
Utilities, materials and supplies	687	445	380	225	225	225
Other activities and payments	(82)	(192)	45	40	40	40
	<b>959</b>	<b>1,304</b>	<b>-</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>7,666</b>	<b>9,970</b>	<b>9,871</b>	<b>9,915</b>	<b>9,810</b>	<b>9,655</b>
<i>Transfer payments</i>						
Voted	225,788	304,398	271,729	185,595	148,180	148,966
Statutory	16,987	44,180	70,000	83,400	83,127	65,544
	<b>242,775</b>	<b>348,578</b>	<b>341,729</b>	<b>268,995</b>	<b>231,307</b>	<b>214,510</b>
<i>Net budgetary expenditures (surplus)</i>						
	<b>267,401</b>	<b>376,220</b>	<b>369,234</b>	<b>296,407</b>	<b>258,511</b>	<b>241,727</b>

### 3.3 Assets

#### 3.3.1 Summary of loans as at April 1 of each year (thousands of dollars)

	Actual 1994-95	Actual 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	1998-99 Planned	1999-00 Planned
<i>Promotion of the Economic Development of the Regions of Quebec</i>						
Loan to Quebec government to fund infrastructure projects						
Agreement on special zones and highways (L)*	30,407	26,537	24,380	22,061	19,600	17,100
<b>Total</b>	<b>30,407</b>	<b>26,537</b>	<b>24,380</b>	<b>22,061</b>	<b>19,600</b>	<b>17,100</b>

\* (L): Loan

### **3.4 Contingent liabilities**

#### **3.4.1 List of contingent liabilities**

As at March 31, 1996, the contingent liabilities of the Federal Office of Regional Development - Quebec was estimated at \$486.4 million.

- Loan guarantees under the Atlantic Enterprise Program accounted for \$2.8 million; under this program, the federal government guaranteed loans for the establishment, expansion or modernization of commercial operations in the Gaspé, the Magdalen Islands and the Atlantic provinces. In compliance with Order in Council P.C. 1991.1114 of June 13, 1991, responsibility for loan guarantees in the Province of Quebec was assumed by FORD-Q.
- Loan guarantees under the *Small Business Loans Act* accounted for \$483.6 million. This Act, in effect since January 1961, is intended to increase the availability of loans to establish, expand, modernize and improve small commercial enterprises. In compliance with Order in Council P.C. 1991.1114 of June 13, 1991, responsibility for loan guarantees in the Province of Quebec was assumed by FORD-Q.

#### 4. List of FORD-Q Offices

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##### **Hull (Liaison)**

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Fax: (819) 997-3164

##### **BUSINESS OFFICES**

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##### **Bas-Saint-Laurent Gaspésie Îles-de-la-Madeleine**

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Alma, Quebec G8B 3E8

(418) 668-3084 • 1-800-463-9808  
Fax: (418) 668-7584

**5. References**

The following publications contain additional information on the programs of the Federal Office of Regional Development- Quebec:

**• Assistance Programs:**

- Small Business IDEA Program
- Fund IDEA SME (Fund managed by FORD-Q and the BDC)
- Financing Program For Innovative Small Business in Quebec (Program managed by FORD-Q and the Royal Bank)
- TechnoRegion : Quebec City/Chaudière-Appalaches
- Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities (SFQC)

- **Other publications:**

- Advisors Serving Small Businesses, SMALL BUSINESS ACCESS CENTER
- ISO 900 Certification: The Passport to World Markets
- The Challenge of Globalization: Developing Export Markets
- Product Development: The Way of the Future
- Motivating Personnel: A Condition Essential to Business Growth
- Your Small-Business Marketing Plan: A Winning Strategic Tool
- Continuous Improvement Process: The Key to Business Growth
- Vision and Planning: The Future of Your Business
- Inserts in the magazine PME- October 1995, December 1995-January 1996, February, May, June , September and November 1996.

These publications may be obtained from:

**Info entrepreneurs**

5 Place Ville-Marie  
Plaza Level, Suite 12500  
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(514) 496-INFO • 1 800 322-INFO

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