



# Canada Economic Development for Quebec Regions

2000-2001  
Estimates

Part III – Report on Plans and Priorities

Canada

## The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

**Part I – The Government Expenditure Plan** provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

**Part II – The Main Estimates** directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

**Part III – Departmental Expenditure Plans** which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are to be tabled on or before 31 March and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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# **Canada Economic Development for Quebec Regions**

**2000 – 2001  
Estimates**

**Report on Plans and Priorities**

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**John Manley**

**Minister responsible for the  
Economic Development Agency of Canada  
for the Regions of Quebec**



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## Section I Messages

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### A. Minister's Portfolio Message

In the global economy, innovation is an essential determinant of long-term economic growth, improved productivity and, ultimately, our quality of life. Preparing Canadians for the knowledge-based economy remains one of the government's top priorities in the years ahead. My portfolio of government organisations is promoting the growth of a strong, dynamic Canadian economy and helping Canadians take advantage of the opportunities offered by the global knowledge-based economy. We have laid a solid foundation through our continuing investments in knowledge and innovation.

An essential ingredient for our knowledge-based growth, both as an economy and as a society, is Connecting Canadians, an initiative designed to make Canada the most connected country in the world. Leading-edge applications will create jobs and growth, and strengthen productivity performance. Connecting Canadians also allows us to reach out to all citizens, and redefine and enhance how we provide services to, and interact with, Canadians.

I am pleased to present the Report on Plans and Priorities for Canada Economic Development which sets out for Canadians the planned activities, priorities and resources over the course of the next years. These plans illustrate how the Agency is contributing to building a strong and dynamic Canadian economy.

The mandate of Canada Economic Development is to promote the economic development of the regions of Quebec. The Agency works toward increasing and realizing the economic development potential of every region of Quebec so that, in the long term, there will be an increase in prosperity and employment. The Agency concentrates on the issues and challenges resulting from changes in the global economic environment, participation by communities in their own development, improving the situation in regions where the economic structure has been substantially disrupted and sustainable development. To take action on these issues, the Agency focusses on two

*The Industry Portfolio is ...*

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

*\*Not required to submit Reports on Plans and  
Priorities*

main strategic targets—enterprise development and improvement of the support environment for development of the regions.

As we look ahead we must define excellence by global standards. Innovation, science, research and development, and connectedness will profoundly change the world we face in the next decade. To maintain and improve our quality of life, we must be more skilled, more productive, more entrepreneurial and more innovative than any other country in the world and we can be all of these things.

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The Honourable John Manley

## **B. Message from the Secretary of State**

Promoting the economic development of the regions of Quebec is the whole purpose of Canada Economic Development.

Developing the economy of our regions is a long-range, forward-looking task, the work of builders and visionaries.

Canada Economic Development supports the builders of our regions—business people, company executives, SMEs and other regional development players. The Agency works with its development partners to help them carry out projects that will build the economic future of our local and regional communities.

To “build the future”, Canada Economic Development is counting on the audacity, acumen and entrepreneurship of every community in Quebec, and on the hope represented by our young people. Development of the economy is inextricably linked to the future, and young entrepreneurs are the future of our regions.

In a world that has already changed greatly and will change even more as we enter the third millennium, the ways in which we work together to promote the economic development of our regions will continue to evolve and adjust.

New challenges are facing the regions. Natural resources now no longer have the importance they once had as key factors in development. All over the globe, competitiveness is increasingly based on the quality of human resources and their understanding and mastery of information. In short, on knowledge. We are seeing a constant acceleration of change. No competitive advantage is sustainable, with the result that we must innovate continuously and ever more rapidly. With the globalisation of markets and the technological revolution, the new economic environment has become increasingly complex. Enterprises and communities cannot face it alone. They must develop networks and partnerships.

These new challenges are matched by new development opportunities for Quebec SMEs and regions. In both high technology and traditional sectors, the context is favourable for major breakthroughs by new enterprises that are able to innovate and adjust quickly. In this new economic age, our regions can, by developing their expertise, create new, knowledge-based competitive advantages.

A new future is taking shape. To carve out a prime position, Quebec communities and regions must use the new development factors: the ability of the community to energize its own development; the strength of entrepreneurship; an open attitude to the world, to progress and to change; participation by young people, the future of development; and the availability of a support environment that can create and strengthen knowledge-based competitive advantages. Small and medium-sized enterprises must master new skills, including knowledge management and network development.



To maintain its effectiveness and make the transition to the future, Canada Economic Development is taking its lead from a modern concept of development. In response to the new environment that is emerging, the Agency supports the regions in coming to grips with the new economy, encouraging local and regional development players to step up their transition from the local to the global. With community consensus and participation, the Agency provides financial support for the most important projects in terms of growth generating effect and contribution to the consolidation of new competitive advantages.

Canada Economic Development helps communities, regions and enterprises forecast and understand emerging strategic issues, band together to deal with them and establish methods for coping with the development conditions of the economy of tomorrow. The Agency works in partnership with federal departments and organisations to manage regional economic issues of concern to the Government of Canada.

Canada Economic Development makes it easier for people in the regions of Quebec to participate in government consultations and the development of national policies, helping to inform the public on Government of Canada initiatives for the economic development of Quebec regions.

Canada Economic Development has one major objective in mind: to increase the economic development potential of the regions of Quebec and to help realize this potential. All our energy is directed towards achieving this objective in order to “build the future”.

---

The Honourable Martin Cauchon  
Minister of National Revenue  
Secretary of State  
Economic Development Agency of Canada  
for the Regions of Quebec

## C. Management Representation

### *Report on Plans and Priorities 2000 – 2001*

I submit, for tabling in Parliament, the 2000 – 2001 Report on Plans and Priorities (RPP) for Canada Economic Development for Quebec Regions.

To the best of my knowledge the information:

- Accurately portrays the department's mandate, priorities, strategies and planned results of the organisation.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

The Planning and Reporting Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

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André Gladu, Deputy Minister

Date: \_\_\_\_\_



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## Section II

### Agency Overview

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#### A. Mandate, roles and responsibilities

The mandate of Canada Economic Development is to promote the economic development of the regions of Quebec.

Canada Economic Development is a key player in Quebec among federal stakeholders working for the economic development of Canada's regions. As a member of the Industry Portfolio, the Agency works proactively, as part of a team, building on synergy with a number of federal departments and organisations that influence the economic development of the regions of Quebec.

Section II of the *Department of Industry Act*, assented to in March 1995, defines the responsibilities of the Minister responsible for Canada Economic Development. In terms of regional economic development in Quebec, the Minister responsible for the Agency oversees the creation of approaches, policies and programs, the establishment of co-operative relationships with partners, the delivery of programs and services and the analysis and dissemination of information.

The Honourable John Manley and the Honourable Martin Cauchon are, respectively, Minister and Secretary of State for the Economic Development Agency of Canada for Quebec Regions.

The Deputy Minister for Canada Economic Development reports to the Minister and Secretary of State. The Deputy Minister is responsible for "*promoting the economic development of the regions of Quebec*," the Agency's only sector of activity [budget: \$263.1 million; number of employees: 279 full-time equivalents (FTEs)].

Two assistant deputy ministers and two directors general report directly to the Agency's Deputy Minister: the Assistant Deputy Minister, Operations (158 FTEs), the Assistant Deputy Minister, Strategy and Liaison (56 FTEs), the Director General, Communications (20 FTEs), and the Director General, Resource Management (28 FTEs). The Executive Assistant and Director, Corporate Secretariat (15 FTEs) and the Director, Legal Services (2 FTEs) also report directly to the Deputy Minister.

Canada Economic Development's head office is located in Montreal. The Agency has a network of 13 business offices in the regions of Quebec, an office in Hull for liaison with machinery of government, and a virtual office where clients can request information or apply for financial assistance through the Internet.

## **B. Objective**

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; focus on small and medium-sized enterprises and the development and enhancement of entrepreneurship.

## **C. External factors affecting the Agency**

### **1. Agency clients and partners**

Canada Economic Development's business clients and partners are the main external factor affecting the Agency's strategic orientations, volume of activity and results.

The Agency's clientele is made up of SMEs in every region of Quebec and a variety of local and regional development players—mainly business associations and some economic development establishments. To serve this clientele, the Agency is supported by various intermediary groups with which it is in partnership.

The Agency works in tandem with its clients and partners to create its action plans, consulting them regularly to keep abreast of community priorities and developing a dynamic relationship with them in order to encourage them to create and carry out economic development projects. Since Canada Economic Development contributes financially to projects created and implemented by its clients, the Agency's level of activity, in financial terms, depends directly on the business decisions made by SMEs and other economic development players.

The economic outlook for Quebec SMEs is encouraging. The Quebec economy has been expanding since 1993, and this trend should continue, although we expect a gradual slowdown in the rate of growth (major financial institutions are forecasting average growth of 3.1% in 2000 and 2.6% in 2001, compared to 3.4% in 1999). The outlook also remains positive for the Ontario and US markets, the main outlets for Quebec firms outside the province.

The Agency is, in addition, having to cope with a growing demand from the community for financial contributions to strategic projects such as the establishment of research centres and the development of tourist attractions.

## **2. The economy of Quebec and its regions**

Decade after decade throughout the last part of the 20th century, the growth of the Quebec economy lagged behind that of the Canadian economy as a whole. Per capita income in Quebec was regularly below the Canadian average, while Quebec's rate of unemployment was always higher than the national average. Every region of Quebec, including Greater Montreal and all of Quebec's other metropolitan areas, has experienced slow economic growth and insufficient opportunity for productive employment. Long periods of inadequate private sector investment have left the Quebec economy far behind in terms of capital stock per worker, which has a negative impact on productivity.

Against this backdrop, the Quebec economy is currently making the transition to a new economic era, characterized by market globalisation, with knowledge and skills as the main factors in competitiveness. Quebec has experienced major growth in recent years in high technology sectors related to the knowledge economy, particularly in aeronautics, biotechnology, pharmaceuticals, communications materials and multimedia. Quebec has a high quality, specialized labour force, but a risk of shortage is beginning to loom, especially in some high-tech sectors.

The Quebec economy is very open to the world. Foreign trade by Quebec firms has increased substantially as a result of the North American Free Trade Agreement (NAFTA) and a favourable exchange rate. Outside the province, the main trading partner of Quebec firms is the United States, which accounts for over half of exports and nearly a third of imports. However, the ability of Quebec exporters to hold onto their niches in the US market is dependent on the rate of exchange between Canada and the United States. Ontario is the second most important client and supplier, accounting for one fifth of Quebec sales and one quarter of purchases outside the province. In addition, an increasing number of SMEs are reaching beyond local and regional markets. Almost 47,000 jobs in these firms are related to such activities.

Strong growth in research and development (R&D) spending has been a major phenomenon in Quebec in recent years. The number of enterprises active in R&D has more than doubled in a decade. The share of SMEs in overall R&D spending in Quebec increased from 8% to 13.4% in just a few years. For ten years now, Quebec has ranked first among the Canadian provinces in R&D spending, to which it devotes 1.94% of its gross domestic product (GDP). However the Quebec R&D/GDP ratio trails that of the main industrialized economies.

Capital spending on machinery and equipment by the private sector is a recent phenomenon that has almost doubled in Quebec over the past five years. Quebec's share of Canadian investment rose from 19% in 1994 to almost 21% in 1999, but remains 1% below Quebec's share of the Canadian GDP. The considerable gap accumulated over earlier years has not yet been bridged.

The rate at which Quebec firms are adopting advanced technology is increasing rapidly. The percentage of firms using at least three types of high technology rose from 5.7% in 1989 to 49.8% in 1994. However, Quebec lags behind in terms of over half the 26 advanced technologies examined in a recent survey by Statistics Canada. This is true particularly in the case of new information and communications technologies (NICTs).

The Quebec economy is characterized by a higher proportion of SMEs than is observed elsewhere in the country and in the United States. As a rule, SMEs are less innovative, less technologically advanced and less involved in export marketing than larger firms. In addition, SMEs as a whole tend to have a lower productivity level than larger firms.

Traditional sectors are an important part of Quebec's industrial structure. Overall, these sectors use fewer advanced technologies, which helps to explain their particularly serious lag in terms of productivity. Enterprises in these sectors are generally less involved in innovation and export marketing than highly technological firms. SMEs in traditional sectors are having increasing difficulty in keeping pace with changes in technology and markets.

Tourism, however, has become a major industry in Quebec. With some 29,000 enterprises providing about 100,000 people with jobs, this sector ranks sixth in Quebec in terms of exports.

In regional terms, Quebec's transition to a knowledge economy is affecting the positioning of regions on the world economic scene. Open to the world, the Greater Montreal region is a hub of national and international interaction, a relay station for the flow of goods, services, people, capital and information. Almost 60% of Quebec jobs are located in the Montreal region and its periphery (Laval, Laurentians, Lanaudière and Montérégie). This share increases to 71% for jobs in high knowledge industries.

Greater Montreal has improved its economic performance in the past few years. The region is carving out an enviable place in many advanced sectors, including aeronautics, telecommunications, pharmaceuticals, information technology, biotechnology and the health industry. It can build on a critical mass of industrial R&D and many well known research centres and universities. Montreal belongs to networks

linking the world's major cities and competes with them. The competitive advantages that the region has built up in recent decades mean that it now excels in the manufacture and assembly of high technology products and makes an impressive showing in high knowledge services.

Owing to their universities and research centres, the metropolitan region of Quebec City and the Quebec part of the Ottawa-Hull metropolitan area have, to a lesser extent, also become part of some niches of the new economy, especially laser optics and NICTs. Quebec City and Hull also have major government functions.

The metropolitan areas of Sherbrooke, Trois-Rivières and Chicoutimi-Jonquière and the Rimouski and Rouyn-Noranda clusters are increasingly capitalizing on their universities to participate in the knowledge economy, specializing in development of their expertise in fields where the scientific and technical know-how of their human resources are an advantage and in the enhancement of their natural resources, renewal of more traditional sectors and the development of high-tech sectors. The Centre du Québec and Chaudière-Appalaches urban regions, especially Drummondville and Beauce, are building on a dynamic manufacturing sector.

The economies of regions that are remote from major urban centres is based more on the exploitation of natural resources. These regions are vast and sparsely populated; demographic growth is weak in these regions, even negative in some cases. There is a marked exodus of young people to university towns, as a result, aging of the population is more pronounced in these regions than elsewhere in the province.

In addition, the Gaspésie – Îles-de-la-Madeleine region is currently facing an especially difficult situation, with the closure of some major enterprises added to the decline in Atlantic groundfish.



## D. Spending plan

### Departmental Planned Spending

(\$ thousands)	Forecast spending 1999-2000	<b>Planned spending 2000-2001</b>	Planned spending 2001-2002	Planned spending 2002-2003
Budgetary Main Estimates (gross) <sup>1</sup>	314,366	<b>263,130</b>	242,705	229,888
Non-Budgetary Main Estimates (gross)	–	–	–	–
Less : Respendable revenue	–	–	–	–
<b>Total Main Estimates</b>	314,366	<b>263,130</b>	242,705	229,888
Adjustments <sup>2</sup>	(41,523) <sup>4</sup>	<b>4,717</b>	3,120	5,775
<b>Net Planned Spending</b>	272,843 <sup>5</sup>	<b>267,847</b>	245,825	235,663
Less : Non-respendable revenue <sup>3</sup>	(45,000)	<b>(49,500)</b>	(49,500)	(52,500)
Plus : Cost of services received without charge	3,180	<b>3,034</b>	3,034	3,035
<b>Net cost of Program<sup>6</sup></b>	231,023	<b>221,381</b>	199,359	186,198
<b>Full Time Equivalents (FTE)</b>	294	<b>279</b>	279	279

<sup>1</sup> The decrease of planned budgetary spending in the Main Estimates over the next three years is due to the gradual completion of projects under the Canada-Quebec Infrastructure Works Agreement, and the abrogation of the *Small Business Loans Act*.

<sup>2</sup> Adjustments are to accommodate approvals obtained since the Annual Reference Level Update (ARLU) exercise and to include Budget initiatives.

<sup>3</sup> The non-respendable revenue consists mainly of loan guarantee service charges, and refunds of previous years' expenditures. The details of non-respendable revenue are laid out on table 5.2, Section V.

<sup>4</sup> The principal adjustments in 1999-2000 result from reprofiling of funds to subsequent years, and to the expected decline of losses incurred under the *Small Business Loans Act*.

<sup>5</sup> Reflects the best forecast of total net planned spending to the end of the fiscal year.

<sup>6</sup> The government has allocated \$2.65B for strengthening provincial and municipal infrastructure and will be consulting with other orders of government in the coming months to reach consensus on a multi-year plan to improve municipal infrastructure in cities and rural communities across Canada and provincial highways. Agreements are expected to be signed by the end of the year.

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**Section III**  
**Plans, Results and Resources**

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Business Line

**Promotion of the economic development of the regions of Quebec**

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**A. Objective**

To help increase and realize the economic development potential of the regions of Quebec.

**B. Description**

The main activity of the Agency's only business line is THE DESIGN AND IMPLEMENTATION OF CANADA ECONOMIC DEVELOPMENT POLICIES AND PROGRAMS to promote the economic development of the regions of Quebec. The Agency develops initiatives and action plans and provides information services and technical and financial assistance for a clientele consisting of small and medium-sized enterprises (SMEs) and other local and regional economic development players.

The sector of activity also includes the following activities:

- R** PARTICIPATION IN THE IMPLEMENTATION OF NATIONAL ECONOMIC DEVELOPMENT PRIORITIES, as a member of the Industry Portfolio, in order to maximize the benefits for every region of Quebec.
- R** HARMONIZATION OF FEDERAL ACTIVITIES by:
  - P** Contributing to the integrated management of Quebec regional economic development issues of concern to the Government of Canada.
  - P** Designing and implementing multi-sectoral federal strategies and action plans for the economic development of the regions of Quebec.
  - P** Creating economic adjustment measures to adapt the application of some national policies to the regional concept.

- R ESTABLISHMENT OF CO-OPERATIVE RELATIONSHIPS with other public and private socio-economic stakeholders, particularly the Community Futures Development Corporations (CFDCs), in order to better serve Quebec regions and SMEs.
- R On the basis of analyses of economic development issues, ADVOCACY WITHIN THE MACHINERY OF GOVERNMENT to optimize the impact of national policies and programs on development of the economy in the regions of Quebec.
- R PROMOTION OF FEDERAL PROGRAMS AND SERVICES intended for SMEs and economic development stakeholders.
- R DEVELOPMENT OF KNOWLEDGE AND THE DISSEMINATION OF INFORMATION:
  - P Developing knowledge and disseminating information on economic development issues related to Quebec regions and SMEs.
  - P Informing residents in the regions of Quebec, especially enterprises and stakeholders, with regard to Government of Canada policies, strategies and initiatives affecting the economic development of the regions.
- R DESIGN AND IMPLEMENTATION OF SPECIAL ECONOMIC DEVELOPMENT CREATION MANDATES OF JOBS IN QUEBEC on behalf of the Government of Canada, in order to respond to specific economic issues, often on an ad hoc basis.

### **C. Key results commitments, expected results, activities and related resources**

The key results commitments, shown on page 28, stem from the Agency's strategy for promoting the economic development of the regions of Quebec. This strategy itself is a product of national economic priorities and the evolution of economic development issues.

#### **1. National priorities**

Canada Economic Development contributes directly to implementation of the main economic priorities of the Government of Canada, especially economic growth, job creation, the realization of Canada's full potential on international markets—in terms of both exports and investment, the expansion of innovation and knowledge, the growth of SMEs and making Canada the world's most connected country.

In the spirit of Canadian solidarity, one of the basic values of our country, Canada Economic Development makes a special contribution, on behalf of the Government of Canada, to the constitutional commitment to promoting equal opportunities for all Canadians in their search for well-being and to promoting economic development in order to reduce inequity. The Agency is especially concerned with promoting equal opportunities in every region and seizing the development opportunities provided by the new economy. The Agency works toward this national priority by contributing to the

economic development of regions, communities and rural Quebec, the economic revitalization of areas where the economy has profound structural problems and the integration of young people, Aborigines and other target groups into the entrepreneurship dynamic, while respecting the broad social cohesion principles of Canadian society.

The Government of Canada also wants to be closer to its citizens. In Quebec, the Agency contributes to this objective through a network made up of its 13 business offices and its many local and regional partners, including the 54 Community Futures Development Corporations (CFDCs). The Agency's network covers the entire province.

## **2. Changes in economic development issues**

With the gradual transition to a globalised, knowledge-based economy and the emergence of a network economy characterized by co-operation and interdependence, the issue of the economic development of the regions is changing constantly, which means that the Agency must regularly revise its strategic orientations.

Innovation is at the heart of this new economic development issue. To maintain their competitiveness and prosper in this new context, enterprises must know how to find and process strategic information, be flexible, innovate quickly and constantly in terms of their products and services and adopt advanced technology, innovative production processes, new ways of doing and new business practices (strategic alliances, electronic commerce, virtual enterprises). Enterprises must also be able to act at a distance on globalised markets, according to much shorter product development and marketing cycles. To develop these new skills, enterprises must be able to build on high quality, well educated and trained human resources, available in sufficient numbers to support expansion.

Enterprises cannot innovate successfully in isolation. The ability of an enterprise to innovate is largely dependent on a group of external resources, including knowledge infrastructure and information networks. The co-operation and joint effort of every player in the region is an essential condition of success for the innovative enterprise. Metropolitan regions and urban areas, where the concentration of these capabilities encourages synergy and the development of critical masses of activities, are the preferred sites for the development of technological capabilities.

New economic development perspectives are not reserved for enterprises and regions specializing in high technological content products and services. The new economy offers many business opportunities in a large number of sectors of economic activity, including traditional industries, in both non-metropolitan and rural areas. For

example, we are seeing rapid growth in the world demand for specialized, environmental, personalized and designer products, regional specialties and entertainment and tourist destination products.

Open to new technology and globalisation, young people represent a special hope for the economic revitalization of every region.

By creating enterprises and overseeing business expansion, entrepreneurs play a pivotal role in making the most of the new opportunities for development that are emerging at an unprecedented rate from the knowledge economy.

### **3. The Agency's strategic approaches**

#### **3.1 Strategy overview**

The goal of the Agency is to promote the growth and realization of the economic development potential of Quebec regions, which will, in the long term, result in greater prosperity and more jobs.

To this end, the Agency's activities are aimed at enhancing the competitive advantages of every region of Quebec and helping them to develop new assets to better seize opportunities for development linked to the emergence of the knowledge-based economy in the context of sustainable, environmentally friendly development.

Canada Economic Development concentrates on the development of innovation, international trade and entrepreneurship.

The Agency's strategy is based mainly on the dynamism of Quebec small and medium-sized businesses (SMEs).

The Agency also works to improve the support environment for development of the regions, developing strategic initiatives to encourage the economic enhancement of assets and strengthening the competitive advantages of Quebec regions. It encourages its clientele to develop their international networks.

The quality of client services is central to the concerns of Canada Economic Development. The Agency has established a quality system in compliance with ISO requirements, and regularly improves its Internet site to better help its clients and partners find the information they need and to conduct business with them.

The Agency gives special attention to regions and communities where the challenges of adjusting to the new economy are greater, so as to enable every region to realize its economic development potential.

In its search for synergy, Canada Economic Development's strategy is characterized by a co-operative partnership approach with other stakeholders. The Agency works with other federal departments and organisations, particularly within the Industry Portfolio, to co-ordinate the federal government's response to Quebec regional issues with which it is concerned, particularly transition or economic adjustment issues. The Agency works in partnership with other federal departments to prepare national policies and programs and ensure that the impact of these programs on the economic development of the regions of Quebec is taken into consideration. The Agency's strategy also involves informing Quebec SMEs of the programs and services available to them from the Government of Canada and keeping citizens in the regions of Quebec abreast of the results of federal economic development initiatives, so that they can exert an informed influence on government orientations and priorities.

Canada Economic Development also forges partnerships with intermediary groups to serve Quebec SMEs and regions. An especially productive co-operation has developed between the Agency and the Community Futures Development Corporations (CFDCs), which provide information services, technical advice and capital for small local enterprises and stimulate the emergence of economic development initiatives in their communities. Funded mainly by the Agency, the 54 CFDCs in Quebec bring together over 900 volunteers on their boards of directors, have a permanent staff of over 300 people and manage more than \$100 million in funds invested in hundreds of Quebec SMEs.

The Agency counts many other intermediary groups among its partners, including the chambers of commerce.

Canada Economic Development also works closely with a number of Quebec government departments and organisations to support local and regional business projects and development players in projects consistent with Agency and community priorities.

### **3.2 Agency issues**

In implementing its strategy, Canada Economic Development concentrates its activities on four main economic development issues that, for Quebec SMEs and regions, represent both opportunities for development to be seized and challenges to be met:

#### **First issue: THE CHANGING GLOBAL ECONOMIC ENVIRONMENT S**

- ① The opportunity to create new competitive advantages based on knowledge and the adoption of recent technology.

The challenge involves placing Montreal, Quebec City and the Quebec portion of the Ottawa-Hull conurbation in an advantageous position in the network of world cities and promoting the participation of other urban centres and rural areas in the new economy.

- ② The need to innovate constantly and ever more rapidly.
- ③ The need to participate in networks (co-operation and partnership; business associations, networks of large enterprises/SMEs) in order to deal with increasingly complex technologies and markets.
- ④ New business opportunities resulting from market globalisation and rapid growth in world demand for certain types of products and services.

#### **Second issue: COMMUNITY PARTICIPATION IN ITS OWN DEVELOPMENT S**

- ① Taking charge of development by the community, an essential condition for success.
- ② Development of a succession of young entrepreneurs for the economic development of the regions.
- ③ Greater participation in the business world by certain citizen target groups formerly less involved in the business community.

Third issue: IMPROVED SITUATION IN REGIONS where the economic structure is greatly disrupted.

Fourth issue: SUSTAINABLE DEVELOPMENT of enterprises and regions, in the interests of the environment and future generations.

### 3.3 Strategic Agency targets

To take action on these issues, Canada Economic Development works on seven strategic targets, broken down into two main areas of activity, namely:

First target group:

ENTERPRISE DEVELOPMENT,

including the following four strategic targets:

- ① Information and awareness for enterprises.
- ② The growth of enterprises in strategic sectors.
- ③ Increased competitiveness of SMEs with a view to expansion into foreign markets.
- ④ The development of small enterprises with local and regional reach, rural enterprises, enterprises directed by young entrepreneurs and enterprises directed by individuals belonging to groups which, in the past, participated relatively little in the business community.

Second target group:

IMPROVED SUPPORT ENVIRONMENT FOR DEVELOPMENT OF THE REGIONS,

including the following three strategic targets:

- ① Increased ability by communities to energize the development of their own economy.
- ② Economic enhancement of regional assets.
- ③ Development and strengthening of competitive advantages based on knowledge.

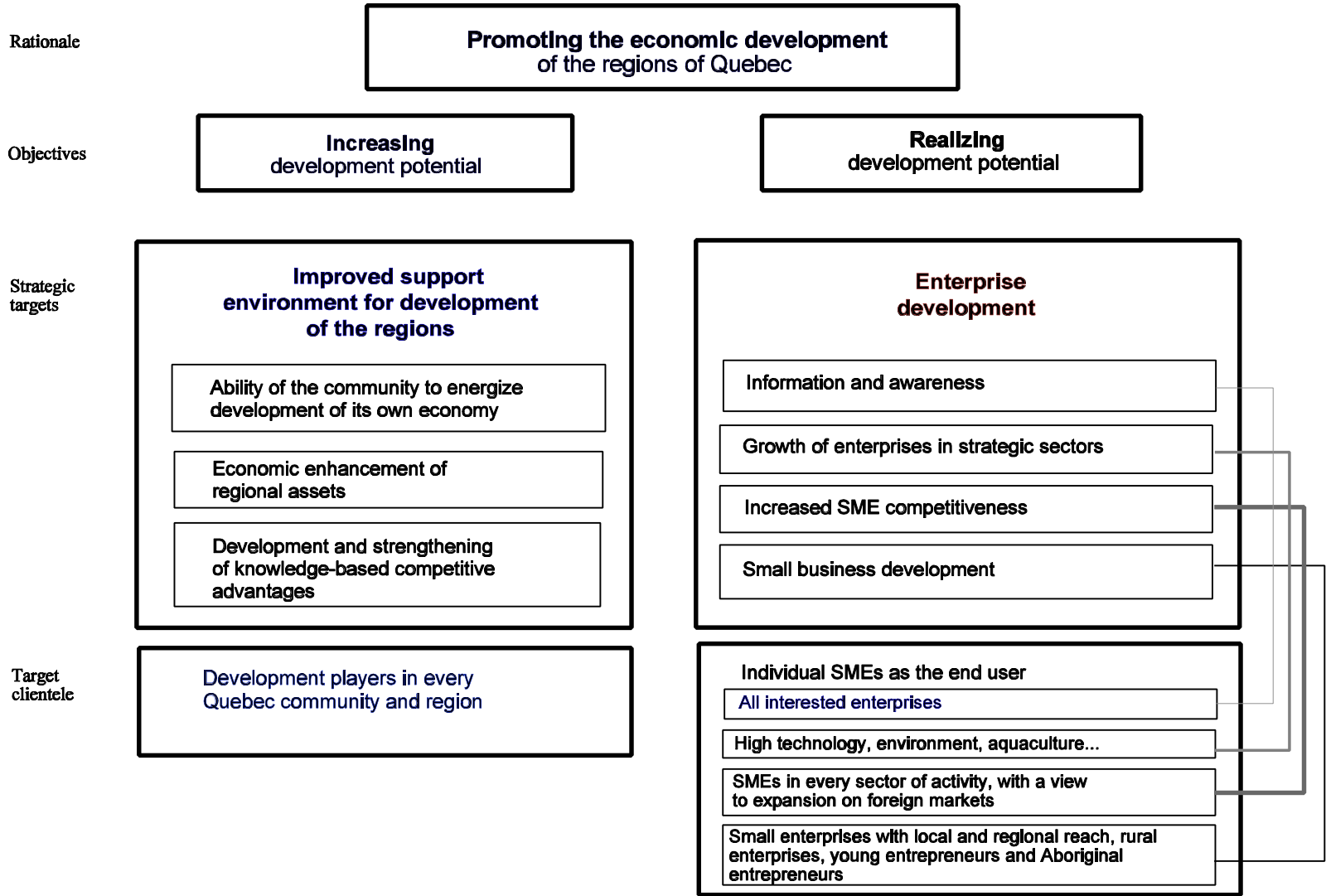
These strategic targets dictate the structure of the Agency's activity planning, as is indicated by the presentation of our key commitments, beginning on page 28. For the first time this year, Canada Economic Development's 2000-2001 Report on Plans and Priorities spells out the nomenclature of the Agency's strategic targets and presents its commitments on the basis of these targets. During the year, the Agency will study the feasibility of strategically planning allocation of its financial assistance budget on the basis of these same targets.

### 3.4 Rationale, objectives, strategic targets and target clientele S

Graphic synthesis

The chart shown on the next page combines the rationale, objectives, strategic targets and target clientele in order to provide a synthesis illustrating the logical consistency of Canada Economic Development's strategy.





#### **4. Changes in Agency priorities**

Canada Economic Development's strategy adjusts constantly to the changing economic context and environment. Through a strong desire to keep abreast of change, the Agency reviews its priorities regularly.

In terms of emerging priorities for the coming years, the Agency intends to gradually step up its activities in areas of the new economy. To accomplish this, Canada Economic Development will support initiatives and projects that develop and reinforce the competitive advantages of regions in the area of the knowledge economy. The Agency will provide more support to help SMEs improve their ability to master the challenges of the new economy. This year, the Agency will begin implementation of a major initiative to develop electronic commerce in Quebec, so as to increase the productivity and competitiveness of Quebec SMEs.

The Agency will also intensify its efforts to improve the support environment for development of the regions. It is at this level that the main challenges are emerging in terms of government efforts to improve participation by the regions in the knowledge economy and seize the development opportunities created by rapid growth in world demand for products and services for which Quebec enterprises and regions can complete. In particular, the Agency will support projects with a substantial strategic impact on the regional economy, such as development of Montreal's International City and development of the Eastern Quebec Marine Technopole.

Canada Economic Development will step up its work with other federal departments and organisations—particularly members of the Industry Portfolio—whose policies and programs have a major impact on the economy of Quebec regions and communities, in order to work as a team towards more comprehensive management of Quebec economic development issues of concern to the Government of Canada.

The Agency will be more involved with federal departments and organisations in designing strategic initiatives for the economic development of Quebec.

In the coming years, the Agency will pay special attention to revitalization of the economy of the Gaspésie, seriously disrupted by the closing of enterprises that were major employers in the communities concerned. To increase the synergy of government support in the regions, Canada Economic Development will work with a number of federal departments and organisations, and with the Department for the Regions and other Quebec government departments.

Continuing to improve its network of partners, the Agency will expand its dealings with the Community Economic Development Corporations (CEDCs) in metropolitan areas and with the Business Development Centres (BDCs), which operate in some urban areas of Quebec. Some Community Futures Development Corporations (CFDCs) will be serving a greater number of cities and towns. Thus small enterprises in most Quebec communities have local access to the services provided by various Government of Canada departments and organisations through the Agency's partnership with the CFDCs, CEDCs and BDCs.

The Agency will also continue to develop partnerships with a variety of intermediary groups to provide its business clients with specialized services, especially in the fields of innovation and export development.

By contributing to the distribution of studies and the organisation of conferences, the Agency will intensify its contribution to community consideration of new development issues. It will continue to support community mobilisation and help communities acquire development tools.

The Agency will be reviewing its ISO 9002 certification in 2000-2001, with all the business offices and head office to be covered. Canada Economic Development will continue to improve its business processes in light of the evaluation of its service delivery and comments received from clients.

Development of a new Internet site, planned for early in the 2000-2001 fiscal year, should enable the Agency to facilitate access and use and improve delivery of its programs and services. The Agency wants to enrich the content of the site so as to better respond to the specific needs of its clientele and interact with them.

This year, the Agency will review its client satisfaction measurement tools and continue implementing continuous performance measurement to strengthen results-oriented management by enabling managers to have the performance of their activities evaluated on a regular basis, and to improve service delivery.

## **5. Canada Economic Development programming**

The Agency has a range of tools to take action on its strategic targets and thus work toward the goals of its strategy and priorities.

These tools are made up of a variety of services provided directly by the Agency or through the intermediary groups with which it is in partnership. The tools also include programs providing Agency financial support to make it easier for its business clientele to carry out projects.

Canada Economic Development's intervention with regard to each of its strategic targets requires the use of a number of tools available to it. Its action plan for each target is made up of a balanced combination of information, technical assistance and financial assistance.

### **5.1 Main services provided by the Agency and its partners:**

- R** Dissemination of general information to development players and SMEs.
- R** Provision of strategic watch information for SMEs (information on trends in technological progress and markets).
- R** Provision of specific information for SMEs on business opportunities in foreign markets.
- R** Conferences, seminars and workshops to help SMEs and development players master new skills.
- R** Advice to SMEs on business strategies, business plans and project funding.
- R** Economic development leadership activities with players in local and regional communities (awareness activities, mobilisation, partnership development).
- R** Consultations with the public and key development players on regional economic development issues and community priorities.
- R** Advocacy with the Government of Canada on local and regional economic development issues.

Canada Economic Development's emerging priorities will gradually lead to more emphasis on the delivery of these services. The Agency will also emphasize the use of intermediary groups to support services for its business clients.

## **5.2 The Agency's financial assistance programs**

The Agency rounds out the services it provides for its business clients with financial assistance under one of its programs, as need be.

The Agency's emerging priorities have led it to implement, this year, its initiative for the development of electronic commerce, which will use mainly its IDEA-SME and RSI programs. The RSI Program will gradually become the Agency's main financial intervention tool.

IDEA-SME: This program is intended mainly for a clientele made up of Quebec SMEs and SME intermediary support organisations. It provides services and funds activities in the following areas:

- Innovation, research and development, design;
- Development of markets;
- Exports;
- And entrepreneurship and development of the business climate.

REGIONAL STRATEGIC INITIATIVES (RSI): This program consists in developing strategies and action plans to foster the emergence of a socio-economic environment that will strengthen the assets and competitive advantages of Quebec regions. These strategies are the subject of consultations with community organisations and the private sector. The plans are drawn up jointly with other federal departments and organisations whose activities have a major impact on regional economic development. The RSI Program allows for the support of major initiatives that have a strategic impact on the regional economy. The program also allows for the regional reshaping or adjustment of some national policies or programs that have a strong impact on the economy of Quebec regions. Section VI, *Supplementary Information*, provides an overview of initiatives currently underway.

COMMUNITY FUTURES PROGRAM (CFP): This national program supports communities in all parts of the country in taking charge of the economic development of their own local areas. In Quebec, the CFP provides financial support for 54 Community Futures Development Corporations (CFDCs), enabling them to provide business information services and technical advice for small enterprises, support them financially and stimulate the creation of local economic development initiatives. The Program also supports seven Community Economic Development Corporations (CEDCs), enabling them to carry out the same type of activities in disadvantaged neighbourhoods in Quebec's metropolitan areas. In addition, the program provides support for the Business Development Centres (BDCs) to fund the dissemination of information useful to enterprises. The CFDCs, CEDCs and BDCs reach most Quebec communities.

**SPECIAL FUND FOR THE ECONOMIC DEVELOPMENT AND ADJUSTMENT OF QUEBEC FISHING COMMUNITIES (COASTAL QUEBEC):** This fund involves the implementation of measures to support the economic and community development of communities affected by the restructuring of the groundfish industry on the North Shore, in the Gaspésie and on the Îles-de-la-Madeleine and adjacent fishing communities.

**6. Chart of Key Results Commitments (CKRC)**

To take action on its priority issues, Canada Economic Development focusses on two main strategic targets: PROMOTING ENTERPRISE DEVELOPMENTS and IMPROVING THE SUPPORT ENVIRONMENT FOR DEVELOPMENT OF REGIONS, on the basis of which its key commitments are indicated below. These commitments are illustrated through certain planned results and examples of activities that will be undertaken to attain them.

Key Results Commitments	Main Planned Results	Key Related Activities
<b>1- TO PROMOTE ENTERPRISE DEVELOPMENT</b>		
<b>1.1 To inform enterprises and raise their awareness</b>		
R To make it easier for enterprises to access business information and information about Government Canada programs and services intended for them	Responding to 250,000 requests for information annually.	Agency financial support for Canada Business Service Centres and the Montreal World Trade Centre.
		Agency contribution to operating costs of Business Development Centres (BDCs).
		Dissemination of information at about 15 Conferences/Info Fairs organised by the Agency in Quebec regions over three years.
		Information referral service available on Industry Canada's <i>Strategis</i> Internet site.
	525 entrepreneurs informed of Government of Canada programs and services over three years.	Workshops at the Conferences/Info Fairs.
		Seminars on federal programs and tax credits in partnership mainly with the Customs Agency and Revenue Canada.

Key Results Commitments	Main Planned Results	Key Related Activities
R To make enterprises aware of new development issues	300 new enterprises annually made aware of export marketing.	10 Contacts-Export seminars annually (experts posted abroad to visit the region).
	230 enterprises annually made aware of innovation.	Workshops, mainly at Conferences/Info Fairs.
	250 enterprises annually made aware of electronic commerce.	Conferences, seminars and information sessions, mainly in co-operation with the Electronic Commerce Institute.
<b>1.2 To foster the growth of enterprises in strategic sectors</b>		
R To improve the preparation of entrepreneurs to start up an enterprise. To make it easier to start up or expand enterprises in strategic sectors.	About 140 business plans for the startup of technological enterprises over three years.	Agency financial support for nine (9) technology incubators in various parts of Quebec.
	Pre-startup of about 15 multimedia enterprises annually.	Agency financial support for the <i>Centre d'expertise et de services en application multimédia</i> (CESAM multimedia consortium).
	Startup or expansion of about 100 new technological enterprises over three years.	Agency financial support for new technology firms, mainly with the co-operation of the <i>Groupe d'action pour l'avancement technologique et industriel de la région Québec – Chaudière-Appalaches</i> (GATIQ) and the Innocentre.
R To foster the development of international networks for enterprises in strategic sectors.	About 1,200 Quebec firms participating over three years in events that provide them with an opportunity to develop their networks with 600 foreign enterprises.	Agency financial, technical and promotional support for organising events that foster networking.



Key Results Commitments	Main Planned Results	Key Related Activities
<b>1.3 To promote greater competitiveness on the part of SMEs</b> focussed on growth and foreign markets		
R To improve the strategies and plans of enterprises	50 enterprises annually provided with improved strategies and action plans.	Advice provided by the Agency.
		Agency financial support for the use of consulting services.
R To develop innovation capabilities To increase productivity	About 100 projects to develop new products, services or procedures through the use of technology and design over three years.	Agency financial support.
		Agency financial support for the <i>Institut de design de Montréal</i> .
	About 600 SMEs successful in enhancing their level of knowledge and improving their skills over three years.	Agency financial support for the <i>Opération PME</i> program of the Quebec Order of Engineers, enabling about 100 SMEs annually to receive the services of a qualified engineer.
		Provision of information and advice in technology applications, in partnership with the Canadian Technology Network.
		Preparation/dissemination of documents on innovation management.
		Organisation by the Agency of 30 technology clinics.
Organisation of workshops in co-operation with the Simultaneous Engineering Institute.		
About 20 diagnoses carried out annually related to technology and productivity in SMEs.	Agency financial support.	

Key Results Commitments	Main Planned Results	Key Related Activities
	Improvement in the skills of about 60 manufacturers in the environmental management field over two years.	Four (4) <i>Enviroclub</i> , bringing together about 15 enterprises each for a practical learning process.
R Development of marketing capabilities	About 2,300 projects by SMEs over three years, for: R the acquisition of export marketing skills, R the development of new niches on foreign markets.	Preparation/dissemination of brochures on export management.
		20 activities organised annually, based on the New Exporters to Border States (NEBS) format.
		Six (6) series of workshops annually, based on the NEXPRO export preparation program.
		Information service on foreign markets and provision of export advice, in co-operation with 15 regional export promotion organisations (ORPEX).
		Agency financial support for coaching service for trade missions for new exporters, provided mainly by the Montreal World Trade Centre and the <i>Société de promotion économique du Québec métropolitain</i> , aimed at having about 500 enterprises participate in trade missions over three years.
		Agency financial support for about 300 SME export projects annually.

Key Results Commitments	Main Planned Results	Key Related Activities
<b>1.4 To promote the development of small enterprises with local and regional reach</b>		
<p>R To encourage the startup and expansion of small local enterprises.</p>	<p>About 3,700 startups, expansions or refinancing of small enterprises over two years.</p>	<p>Agency financial support for 54 Community Futures Development Corporations (CFDCs) for their information and technical assistance services to SMEs and operation of their investment fund for small local firms.</p>
	<p>Agency contribution to the operating costs of some Community Economic Development Corporations (CEDCs).</p>	<p>Agency financial support.</p>
	<p>Investment of \$25M by various economic development players in the Thetford-Mines region over three years.</p>	<p>Agency financial support.</p>
	<p>Over 60 investment projects for rural enterprises and enterprises specializing in aquaculture in the Bas-Saint-Laurent, Gaspésie, Îles-de-la-Madeleine and Côte-Nord regions.</p>	<p>Agency financial support.</p>

Key Results Commitments	Main Planned Results	Key Related Activities
<b>2. TO HELP IMPROVE THE SUPPORT ENVIRONMENT FOR DEVELOPMENT OF REGIONS</b>		
<b>2.1 To support development of communities' ability to energize the development of their economies</b>		
R To inform stakeholders and make them aware of the economic context and new development issues.	Regional stakeholders informed of the economic context and made aware of new economic issues, over three years.	Distribution of studies by Canada Economic Development's <i>Economic Observatory</i> on emerging economic issues, particularly innovation, metropolization and conversion to the knowledge economy—through its Internet site and by other means.
		Agency technical and financial support for the organisation of seminars, conferences and public forums. Presentation and discussion of the conclusions of the work of the <i>Economic Observatory</i> at such events.
R To enhance entrepreneurship.	About 1,000 young students supported in their plans to begin a career in business, over three years.	Support for 53 Student Entrepreneur Clubs.
		Support for five university entrepreneurship centres.
		Agency support for provincial youth competitions.
	100,000 viewers a week stimulated to adopt entrepreneurial behaviour.	Agency financial support for production of the television business series <i>Fais-en ton affaire</i> .
	Several thousand business people motivated to make their enterprises grow.	Agency support for the organisation of about 30 events a year emphasizing excellence in innovation, export marketing and entrepreneurship.
R To help stakeholders develop skills.	Stakeholders trained in economic leadership of local and region communities every year.	Agency support for organisations that develop and deliver training workshops in local and regional economic leadership.

Key Results Commitments	Main Planned Results	Key Related Activities
<p><b>R</b> To foster the development of international networks for local and regional development organisations.</p>	<p>Quebec organisations developing networks with similar organisations outside the province every year.</p>	<p>Agency support for local and regional development organisations in exchanging information on best local and regional development practices with similar organisations outside the province.</p>
<p><b>R</b> To help provide local and regional communities with mobilisation and leadership tools.</p>	<p>Mobilisation and leadership activities in 54 Quebec communities.</p>	<p>Agency funding of 54 CFDCs operating costs related to their community economic leadership activities.</p>
<p><b>R</b> To facilitate international promotion with foreign investors, buyers and tourists.</p>	<p>Foreign enterprises made aware of the advantages of investing in the regions of Quebec.</p>	<p>Agency financial support for Montreal International.</p>
	<p>Increase in the number of foreign tourists in Quebec's tourism regions.</p>	<p>Agency financial support for the holding of festivals.</p>
		<p>Agency financial support for regional organisations carrying out tourism promotion campaigns abroad.</p>

Key Results Commitments	Main Planned Results	Key Related Activities
<b>R</b> To advocate the interests of regional communities within the Government of Canada.	Government decision makers made aware of the telecommunications infrastructure problem in rural and remote areas.	Analysis of problem and communication of conclusions to Government of Canada decision makers.
	Business opportunities for Quebec firms in major government projects.	Monitoring of developing projects.
<b>R</b> To facilitate community participation in the development of national policies.	Regional and local populations able to exert an informed influence on the approaches and priorities of the Agency and its partners.	Agency communication activities to inform the public—especially SMEs and local and regional development stakeholders—of the Agency’s approaches, plans and activities and the results obtained from its activities in each region.
	Regional and local populations able to express federal ministers their views concerning development priorities in their communities and regions.	Agency financial support for CFDC communication activities to inform local populations of their activities.
		Agency technical support for the organisation of meetings between local and regional economic development players and Government of Canada ministers.

Key Results Commitments	Main Planned Results	Key Related Activities
<b>2.2 To promote the economic enhancement of regional assets</b>		
R Regional assets	Investment of \$1.5 billion in the Montreal International City, over five years.	Financial support for development of the Montreal International City.
<b>2.3 To encourage the development and strengthening of knowledge-based competitive advantages</b>		
R To support the development of knowledge-based infrastructure	About 10 nominations of research centre or technology transfer projects.	Financial support for the preparation of projects for nomination to the Canadian Innovation Foundation.
	Increase of about \$500,000 annually in sales of expert studies carried out by regional educational institutions on international markets.	Agency financial support.
	Carrying out of a research program in the optoelectronics sector.	Agency financial support for the National Optics Institute in Sainte-Foy, in the Greater Quebec City region.
	Establishment of the <i>Software Testing Centre</i>	Agency financial support for the Montreal Informatics Research Centre (CRIM).
	Establishment of the <i>Products and Procedures Rapid Development Centre</i>	Agency financial support for <i>Technologies Polidev</i> , a corporation set up by the <i>Montréal École Polytechnique</i> .
	Seven (7) research applications on the boreal forest in the Saguenay and Lac Saint-Jean regions over five (5) years.	Agency financial support for a Research consortium on the commercial boreal forest responsible for conducting the research.

Key Results Commitments	Main Planned Results	Key Related Activities
R To support the development of electronic commerce.	Increasing the number of SMEs marketing their products and services through electronic commerce from about 40 to 120 in one year.	Awareness campaigns and establishment of a network of regional electronic commerce experts for SMEs.
	Investment of \$120M by various economic players in electronic commerce in one year.	Financial support for projects accepted through calls for tender.
	About 2,000 persons increasing their knowledge and skills in electronic commerce in one year.	Agency support for development of a Centre of excellence in electronic commerce, bringing together universities and the private sector.
		Agency support for research led by the academic community and economic development organisations.

Over the next three years, Canada Economic Development expects to spend a total of close to \$475 million to foster enterprise development and to help improve the support environment for development of regions, namely, about:

- R \$165 M under the IDEA-SME Program;
- R \$225 M under the Regional Strategic Initiatives program (RSI);
- R \$75 M under the Community Development Program (CDP);
- R \$7.5 M under the Coastal Quebec program.



## **7. Performance measurement strategy**

Canada Economic Development's performance measurement strategy is intended to ensure that the Agency has relevant and timely information on the performance of its policies, programs and operations, including the results achieved; that it uses this information to improve management, effectiveness and efficiency; that it conducts evaluations and audits that are consistent with the organisation's performance measurement framework and take into consideration departmental and governmental standards, priorities and objectives; and that it can account for its overall performance with the central agencies and the Parliament of Canada.

The Agency works in partnership with many private, public and parapublic organisations to deliver services and programs to its clientele. In this context, Agency managers must take care to define, in close co-operation with its partners, specific and measurable objectives and agree with the partners on specific results indicators. Partners must ensure that their investment contributes to the attainment of results that are compatible with the Agency's mission. Performance measurement is thus intended to provide agreement managers with the means of acquiring information on the extent to which results are attained, so that this information can be used in the management of day-to-day activities and for future planning and accountability requirements.

The Agency has established various activities to attain its performance measurement objectives. An evaluation plan has been drawn up, training courses on performance measurement and evaluation provided for Agency advisors and managers and analysis and reporting tools created to report on the results attained.

In 2000-2001, the Agency will review its tools for measuring the rate of client satisfaction, based on the Common Measurements Tool (CMT), developed by the Canadian Centre for Management Development. This review is part of a pilot project for all federal departments and agencies in Quebec. In addition, the Agency will be able to present more results from its Regional Strategic Initiatives (RSI) program and from its partners in delivery of services to SMEs, its target clientele. The Agency will also continue to implement continuous performance measurement in order to strengthen results-based management and enable managers to evaluate their activities on a regular basis, report on the results obtained and improve service delivery.

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**Section IV**  
**Horizontal Initiatives**

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**Sustainable Development Strategy (SDS)**

Canada Economic Development is moving ahead with implementation of its Sustainable Development Strategy (SDS), tabled in December 1997.

Sustainable development initiatives	Expected Results
Awareness by Quebec SMEs of the limitations and commercial potential of sustainable development.	<ul style="list-style-type: none"> <li>• SME awareness, mainly through Enviroclubs intended to encourage and assist Quebec SMEs in setting up environmental management systems and carrying out plant pollution prevention activities, using a cost-effective approach.</li> </ul>
Promotion of the development, marketing and export of Quebec products and services related to sustainable development.	<ul style="list-style-type: none"> <li>• Organization of an Americana trade fair in 2001.</li> <li>• Follow-up on technology platforms implemented in 1999.</li> <li>• Feasibility study on establishment of other technology platforms.</li> <li>• Implementation of environmental projects under a memorandum of understanding between the Agency and Environment Canada, Quebec Region.</li> </ul>
Greening of the Agency's internal operations.	<ul style="list-style-type: none"> <li>• Maintaining and continuing efforts to green operations.</li> </ul>
Adjustment of corporate culture to include economic, social and environment aspects in day-to-day decision making.	<ul style="list-style-type: none"> <li>• The sustainable development concept is already included in the planning and project analysis processes.</li> </ul>

During the fiscal year, the Agency will develop and draw up the *2000-2003 SDS Action Plan*, based on an evaluation of the results of the *1997-2000 Action Plan*, using outside consultations to determine the most effective approaches in light of its limited resources. It is expected that the second SDS will be tabled in Parliament before the end of 2000.



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## Section V

### Financial Information

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**Table 5.1 : Summary of Transfer Payments**

<b>Transfer Payments</b> (\$ thousands)	Forecast Spending 1999-2000	<b>Planned Spending 2000-2001</b>	Planned Spending 2001-2002	Planned Spending 2002-2003
<i>Promotion of the Economic Development of the Regions of Quebec</i>				
Grants	300	<b>300</b>	300	300
Contributions <sup>1,2</sup>	<u>237,017</u>	<u><b>233,975</b></u>	<u>211,953</u>	<u>201,791</u>
<b>Total Grants and Contributions</b>	237,317	<b>234,275</b>	212,253	202,091

<sup>1</sup> The decrease in planned spending over the next three years is due mainly to the gradual completion of projects under the Canada-Quebec Infrastructure Works Agreement, and the abrogation of the *Small Business Loans Act*.

<sup>2</sup> The government has allocated \$2.65B for strengthening provincial and municipal infrastructure and will be consulting with other orders of government in the coming months to reach consensus on a multi-year plan to improve municipal infrastructure in cities and rural communities across Canada and provincial highways. Agreements are expected to be signed by the end of the year.

**Table 5.2 : Source of Non-Respendable Revenue**

<b>Non-Respendable Revenue</b> (\$ thousands)	Forecast Revenue 1999-2000	<b>Planned Revenue 2000-2001</b>	Planned Revenue 2001-2002	Planned Revenue 2002-2003
<i>Promotion of the Economic Development of the Regions of Quebec</i>				
Services charges - Loans Guarantees <sup>1</sup>	25,000	<b>28,000</b>	28,000	31,000
Recovery of expenditures from previous fiscal years <sup>2</sup>	19,000	<b>20,500</b>	20,500	20,500
Year-end creditor adjustments	<u>1,000</u>	<u><b>1,000</b></u>	<u>1,000</u>	<u>1,000</u>
<b>Total Non-Respendable Revenue</b>	45,000	<b>49,500</b>	49,500	52,500

<sup>1</sup> This item represents charges paid by approved lenders under the *Small Business Loans Act*, the *Canada Small Business Financing Act*, and the *Loan Insurance* component of the Atlantic Enterprise Program.

<sup>2</sup> This item refers primarily to the reimbursement of refundable contributions made by the Agency.

**Tableau 5.3: Net Cost of Program for 2000-2001**

Net cost of Program for 2000-2001 (\$ thousands)	Promotion of the Economic Development of the Regions of Quebec
Net Planned Spending <sup>1</sup>	267,847
<i>Plus : Services received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	2,084
Contributions covering employers' share of employees' insurance premiums and expenditures paid by the Treasury Board Secretariat (TBS)	936
Salary and associated expenditures of legal services provided by Justice Canada	14
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	3,034
<i>Less : Non-Responsible Revenue</i>	(49,500)
	=====
2000-2001 Net cost of Program	221,381

<sup>1</sup> The government has allocated \$2.65B for strengthening provincial and municipal infrastructure and will be consulting with other orders of government in the coming months to reach consensus on a multi-year plan to improve municipal infrastructure in cities and rural communities across Canada and provincial highways. Agreements are expected to be signed by the end of the year.

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## **Section VI**

### **Supplementary Information**

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#### **Regional Strategic Initiatives (RSI)**

##### **Estrie**

*Investing in tomorrow, today* is the theme of the initiative that will enable Canada Economic Development to provide strategic support for the economic growth of the Estrie region. This action plan provides for investment in two main areas: technological development and international development.

With its major research facilities, the Estrie region has a number of assets to position itself as a centre for technological development in Quebec. From this standpoint, some enterprise support measures will be set in place over the coming years, including a fund for the startup and pre-startup of innovative technology enterprises.

In addition, the Estrie is recognized as an export marketing leader in Quebec. The measures taken will be aimed especially at encouraging the diversification of export markets, particularly in Europe. A number of large scale initiatives and projects intended to enhance the region's international reputation will also be undertaken in co-operation with various regional partners.

Example of a project supported: Futurallia 2000, an international strategic alliances fair, for 500 SMEs from 25 countries.

##### **Abitibi-Temiscamingue**

The Abitibi-Temiscamingue strategic initiative is intended to improve the region's technological capability and competitiveness, enhance its transregional, interprovincial and international tourism potential, foster the emergence of interregional and international projects, interest SMEs in these projects and support the development of rural and Aboriginal communities.

Increased technological capability is intended to develop technological entrepreneurship, and this objective also includes the mining, forestry and agricultural sectors. With regard to mining, the initiative covers all of Quebec.

In the tourism sector, the initiative is intended to develop innovative products and increase the number of visitors through the enhancement of the region's special features related to adventure tourism and Aboriginal communities. One of the special characteristics of the tourism component is the interregional (Northern Quebec) and interprovincial (Northern Ontario) approach.

This transregional, interprovincial and international approach also applies to trade missions abroad by SMEs, the marketing of mining expertise and development of an ISO standard for the exploration sector.

Example of a project supported: *Association des prospecteurs du Québec inc*; development of a quality assurance system in the mining exploration field.

## **Mauricie**

As part of the *Innovating for growth* initiative, Canada Economic Development's action plan provides for support of technological development, enhancement of the tourism potential and international development in the Mauricie region.

The presence in the Mauricie of centres of excellence in R&D and major technological development support infrastructure is a driving force for development. A number of support measures for technology enterprises will be established in the coming years, including the creation of a fund for the pre-startup and startup of innovative enterprises.

The tourism component will enable a number of large scale projects to be carried out, mainly around Mauricie National Park, the water-forest-wildlife aspect of which is the dominant element.

Measures to be taken under the international component are aimed mainly at the diversification of export markets.

Example of a project supported: *Techno-Plast Inc*; innovation and integration of new technology in the aeronautics sector and transportation in general.

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

The *Marine Technopole* component is based on the development and recognition of a technological centre for ocean science and technology, owing to the presence of a critical mass of organisations and specialized human resources in this sector. The targeted sectors are pharmaceuticals, biocosmetics and marine agri-food. In addition, this component has a transregional aspect, with spinoff also being created on the North Shore.

The tourism component will provide the financial leverage essential to bringing to life all the strategic projects for the Eastern Quebec tourism industry.

The third component is the *Eastern Quebec Rural Enterprise* pilot project, the primary objective of which is to stimulate economic activity in the rural parts of eastern Quebec on the basis of local human and material resources.

Example of project supported: *Société de développement de l'industrie maricole de la Gaspésie et des Îles-de-la-Madeleine*.

### **Saguenay – Lac St Jean**

The strategic initiative for the Saguenay – Lac Saint-Jean is intended to strengthen the technological capability of the region, especially in the advanced technology sector, by positioning the region nationally and internationally in its two strong sectors, aluminum and lumber.

The initiative is also intended to consolidate the tourism industry by fostering higher quality standards and supporting the international marketing of traffic building products.

Lastly, the initiative seeks to support the ability of the region to adjust, by encouraging the use of methods and tools that will increase the competitiveness of SMEs.

Example of project supported: Research consortium on the commercial boreal forest. The consortium will carry out R&D in the forest regeneration sector in order to increase productivity.

### **Quebec – Chaudière-Appalaches**

For the Quebec City region, *Technorégion sans frontières* focusses on the development of niches of excellence, mainly in sectors related to information technology, optics, geomatics and biotechnology, as well as the region's international reach through the positioning of these centres of excellence abroad. In addition, the initiative will support development of the tourism sector by supporting major tourism events and a marketing strategy leading to the international positioning of such products as ecotourism, snowmobiling and skiing.

In the Chaudière-Appalaches region, the initiative gives priority to enterprise competitiveness, agri-food development, the tourism supply and some reception and support infrastructure in order to foster the technological development of enterprises.

For the Amiante Regional County Municipality (RCM), the initiative is more specifically aimed at support for the ability of the region to adjust (financial support for investment projects in growth sectors and those that use modern technology) and development of the technological capability of the region.



Example of project supported: National Optics Institute; the institute carries out R&D in the areas of optics and optoelectronics in order to increase the productivity of enterprises.

### **Regional Strategic Initiatives being developed**

The following initiatives are being developed or will be announced in 2000-2001: Greater Montreal; Outaouais; Laurentides – Lanaudière (non-metropolitan area); Montérégie (non-metropolitan area); Centre du Québec; Côte-Nord and Nord-du-Québec.

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