



# Canada Economic Development for Quebec Regions Performance Report

For the period ending  
March 31, 2001

Canada

## **Improved Reporting to Parliament Pilot Document**

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 of the Government of Canada are structured in several 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 *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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 funds.

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## Foreword

In the spring of 2000 the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Earlier this year, departments and agencies were encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on results – benefits to Canadians – not on activities. It sets the department’s performance in context and associates performance with earlier commitments, explaining any changes. Supporting the need for responsible spending, it clearly links resources to results. Finally the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organization according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

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This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:

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Canada Economic  
Development  
for Quebec Regions

Développement  
économique Canada  
pour les régions du Québec



***DEPARTMENTAL  
PERFORMANCE  
REPORT***

*for the period ending  
March 31, 2001*



Brian Tobin

Minister Responsible for the  
Economic Development Agency of Canada  
for the Regions of Quebec

Canada

*About the concepts ...*

**Looking Ahead**

*Entrepreneurial Spirit*

**Prospering in Harmony**

*Community Strength*



*Visionary Genius*

*Daring Exporters*

**Thinking Tech**

**Seeing the World**

The graphic design elements in this report refer to: Looking Ahead: Entrepreneurial Spirit (eye); Prospering in Harmony: Community Strength (bicycle wheel); Thinking Tech: Visionary Genius (slinky); Seeing the World: Daring Exporters (globe).

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# 1 MESSAGES

## 1.1 Minister's Portfolio Message

The Government of Canada is committed to making Canada a world leader in the global knowledge-based economy of the 21<sup>st</sup> century. To meet this goal, the government has set out a very bold vision: to have Canada recognized as one of the most innovative countries in the world.

Why this emphasis on innovation? Innovation is one of the most powerful sources of competitive advantage in modern economies. It fuels productivity and economic growth and that translates into greater prosperity and a better quality of life for all Canadians. Our ability to acquire, adapt, and advance knowledge will determine how well Canadian businesses and Canada as a nation innovate, and in turn, how well Canada competes in the global arena.

Promoting innovation, research and development is a cornerstone of our government's agenda, and we have made progress. Canadian businesses have boosted their research and development (R&D) spending at the second fastest rate among G-7 countries. We have the fastest rate of growth in R&D jobs. And the government is committed to doubling its R&D investments and catapulting Canada into the ranks of the top five countries in the world for research and development performance by 2010.

When it comes to embracing the Internet revolution, or what has come to be known as connectivity, Canada's record is the envy of the world. Our country is one of the most connected countries in the world. We connected all of our schools and libraries to the Internet over two years ago. We have the highest percentage of the population on-line of any country in the world. Furthermore, the National Broadband Task Force has advised the government on how Canadians together can achieve the critical goal of making broadband access widely

### *The Industry Portfolio is ...*

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

*\* Not required to submit Performance Reports*





available to citizens, businesses, public institutions and to all communities in Canada by 2004.

As Minister of Industry, I am responsible for the Industry Portfolio, which consists of 15 departments and agencies that play a key role in delivering on the government's agenda. With over 40% of federal government spending on science and technology, and a wide range of complementary programs to help businesses both large and small thrive and prosper, the Industry Portfolio has a national reach, regional depth and community presence across the country.

I am pleased to present the *Performance Report* for the Canada Economic Development Agency for Quebec Regions, which shows its contribution, during 2000-2001, to the government's agenda. Aware of the stakes created by globalization, which now touches all spheres of activity in today's society, the Agency channels its energies towards equipping Quebec businesses and its regions with the tools required to take full advantage of the business opportunities in the global marketplace. Whether providing strategic information, encouraging local and regional development, increasing the competitiveness of SMEs, promoting regional assets or strengthening knowledge-based competitive advantages, the Agency has successfully met and, in fact, surpassed its commitments. With its partners and collaborators, the Agency estimates that it has contributed to the creation and preservation of more than 12,000 jobs in 2000-2001, thereby supporting the development of strong enterprises and communities in Quebec. These results attest to the major role the Agency has played in fulfilling the Government's priorities and enhancing the quality of life of the communities and citizens of Quebec.

The government's strategy has been to strengthen Canada's capacity for innovation by investing in research and knowledge, and by fostering a nation of highly skilled people. We are assisting all Canadians with life-long access to the tools and skills they need for success. We are laying the foundation of a state-of-the-art research environment in which our best and brightest can make their ground-breaking discoveries right here at home. And we are working with our researchers and entrepreneurs to make sure that Canada is the place where new products and processes get to market first and fastest.

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**The Honourable Brian Tobin**

## 1.2 Message from the Secretary of State

The economies of industrialized nations are in a profound transition. The internationalization of trade, rapid developments in information and communication technology, business networks, and the predominance of innovation are but a few of the elements arising from the phenomenon of globalization.

Mandated to work with Quebec's regions and businesses through this major economic transition, the Canada Economic Development Agency maintained its focus during the 2000-2001 year on two key areas of activity: *Enterprise development* and *Improving the environment for economic development of the regions*. The Agency achieves this by providing direct assistance to enterprises through repayable contributions or by joining forces with specialized or local organizations close to enterprises.

For a public organization like Canada Economic Development, however, every service, every program and every new way of doing things must be clearly measurable so that their results may be reported to the public. That is precisely the intention of this *Performance Report*: to provide an overview of the results attained by Canada Economic Development.

The Agency works in co-operation with its partners and collaborators to support development opportunities that will create jobs and enhance the collective wealth. As such, Canada Economic Development estimates that over the period covered by this report, more than 12,000 jobs were created and maintained through the various Agency-supported projects.

The Agency also carries out information dissemination and awareness activities intended for enterprises. In this respect, it surpassed its commitments by providing Canadian businesses with information and awareness services crucial to their development. Similarly, the Agency met and again surpassed its commitments in the areas of local small business development and the establishment of enterprises in sectors considered strategic to the growth of the various regions of Quebec.

An equally solid performance was recorded with respect to enhancing the competitiveness of SMEs, with the Agency playing an active role in improving the capacity of Quebec SMEs to innovate. Moreover, the Agency, either directly or with the aid of its partners, succeeded in sensitizing and preparing thousands of business people to export.

Canada Economic Development respected its commitment to support the efforts of the regions to stimulate their own economic development by, among other things, opening its 14<sup>th</sup> business office, located in the Gaspé. This initiative, coinciding with the implementation of the Canadian Support Program for the Gaspé and Îles-de-la-Madeleine economy was put in place to bring the Government of Canada's programs and services closer to the communities it serves.





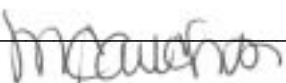
We also kept our commitments regarding the promotion of regional assets. For example, the Agency joined in the Lachine Canal revitalization project in the south-west of Montreal. This initiative, which has made it possible to equip the Montreal region with a solid economic, tourism and heritage development infrastructure, has already generated some \$115 million in private, residential and commercial investment.

Lastly, significant progress has been made in terms of strengthening our knowledge-based competitive advantages. In the Quebec City region, for example, the Agency provided financial support to the *Institut national d'optique* for the realization of, among other things, a research program in the fields of optics and photonics. Canada Economic Development also played an active part in funding the applied research of the *Consortium de recherche sur la forêt boréale commerciale* in the Saguenay — Lac-Saint-Jean region.

There are more challenges still ahead, most notably in the area of electronic commerce. The Agency's services, however, continued to be appreciated by its clientele in 2000-2001, with more than 90% of the business and organizational recipients expressing a high level of satisfaction.

These results respond to the challenges faced by Canada Economic Development and are representative of the means used to meet those challenges. These results illustrate the merit of a clear link between the Agency and its collaborators and partners in order that Quebec enterprises and regions may be given the assistance needed to ensure their growth and their place in the global business world.

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**The Honourable Martin Cauchon**  
**Secretary of State**

## 2 AGENCY OVERVIEW

Canada Economic Development's goal is to promote development of the economy of Quebec's regions. To this end, the Agency partners with different economic players, whether they operate in the public or private sectors, in sparsely populated regions or major urban centres. Its activities are geared to regional priorities, without losing sight of the major challenges of the national and global economy.

Through its project support programs and initiatives, the Agency contributes to supporting, promoting and giving concrete shape to ideas for maintaining or enhancing the vitality of the Quebec economy. It also contributes significantly to raising SMEs' awareness of new technologies and the far-reaching changes in our society, and to disseminating business information so essential to them.

This Performance Report is intended to account for Canada Economic Development's activities to the Parliament and people of Canada, and draws a representative profile of the Agency's various initiatives and their impact. It also reports on the situation with regard to departmental commitments made in the *Report on Plans and Priorities 2000-2001* (this document may be consulted on the Agency's Web site: <http://www.dec-ced.gc.ca/en/biblio/publications/agence/pub-agence.htm>).

It goes without saying that Quebec's economic situation influences the Agency's activities. The diversified Quebec economy, open as it is to the outside world, is currently going through a period of transition toward a new era characterized by market globalization, where knowledge and competencies are becoming the main competitiveness factors. As regards the economic cycle, Quebec's economy performed well in 2000 with a 4.5% growth rate, slightly higher than the Canadian average (4.4%), but below the U.S. economy (5%). The growth in employment and private investment, along with expansionist budget policy, led in 2000 to sustained domestic demand for goods and services. Quebec exports benefited substantially from the strong North American growth, particularly with respect to high value-added products such as aerospace, computer and telecommunications equipment. These sectors now outweigh natural resources and account for more than 25% of total exports. In 2000, the proportion of the adult population holding jobs was at its highest level ever in Quebec (57.9%), despite falling persistently behind the national average (61.4%). Also in 2000, the unemployment rate for Quebec and Canada stood at 8.4% and 6.8% respectively.

In structural terms, the growth of knowledge-related sectors fostered the industrial diversification of Quebec's economy over the past decade. However, traditional sectors still hold an important place and, overall, are experiencing some difficulty following the changes in technology, markets and managerial practices. The transition toward a knowledge economy and the intensification of competition are therefore priority issues affecting all regions of Quebec.





## 2.1 Agency mandate, organization and operational framework

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

The Agency, as a member of the Industry Portfolio, reports to the Minister of Industry, who is supported in his responsibilities regarding the regions of Quebec by a Secretary of State. Under the *Department of Industry Act*, the Minister responsible for Canada Economic Development for Quebec Regions pursues the following objectives:

- 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.
- To emphasize long-term economic development and sustainable employment and income creation.
- To focus on small and medium-sized enterprises and the development and enhancement of entrepreneurial talent.

Canada Economic Development has its head office in Montreal and a network of 14 business offices in the different regions of Quebec, as well as an office in Hull which ensures liaison with other government departments (the list of offices may be consulted on the Web at <http://www.dec-ced.gc.ca/en/regions/3.htm>). A new office was inaugurated this year in Gaspé to serve the population of the Gaspé and the Îles-de-la-Madeleine. The Agency also provides services through its Internet site (<http://www.dec-ced.gc.ca>).

To fulfil its mandate, the Agency acts on two fronts. First, directly, through its team of advisers, it acts vis-à-vis SMEs by supporting them financially and accompanying them in the implementation of projects that tie in with Agency objectives. Then, because it has limited means, it has also chosen to partner with a network of local and regional economic development stakeholders. In fact, a large portion of its resources is invested in this network of collaborators, thus ensuring service more closely in line with the specific needs of each region and thereby maximizing the impact of its actions. This strategy enables the Agency to reach a larger number of SMEs in each Quebec region and to fulfil its regional economic development mandate effectively.

The organization chart, statutes applying to Canada Economic Development, description of programs and other information concerning both the Agency's organization and its operations are provided in the appendices.

## 2.2 Financial information for 2000-2001

For 2000-2001, the Agency's total authorities, consisting of the Main Estimates and Supplementary Estimates voted by Parliament, were \$252.5 million. The Agency's actual expenditures, of some \$233.2 million, were 8% less. The difference is primarily due to an authorized deferral of funding from 2000-2001 to subsequent years in order to provide funding for the Canadian Support Program for the Economy of Gaspé and Îles-de-la-Madeleine.



**Table 1 Financial information**

<b>Canada Economic Development for Quebec Regions</b>	
Planned spending <sup>1</sup>	\$267,847,000
Total authorities <sup>2</sup>	\$252,522,095
Actual expenditures in 2000-2001	\$233,149,533

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<sup>1</sup> Forecast expenditures as per information available when the *Report on Plans and priorities* was prepared.

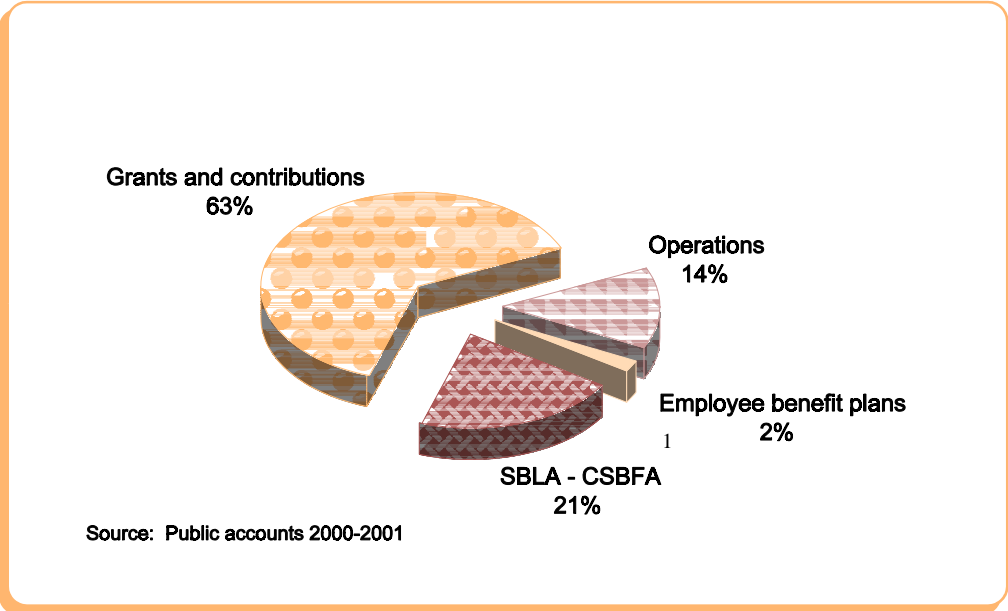
<sup>2</sup> The Main and Supplementary Estimates which the Parliament approved to enable government departments to adapt to new priorities and unforeseen events. Total authorities are lower than planned spending since the statutory payments made under the *Small Business Loans Act*, whose application and administrative arrangements are the responsibility of the Department of Industry, were less than initially forecast.





The following graphs present the breakdown of actual expenditures and the details of funds disbursed in the form of contributions and grants (the financial tables in Appendix III of the report provide further details on the breakdown of expenditures). Figure I shows the breakdown of the Agency's actual expenditures of \$233.2 million for 2000-2001.

**Figure I Breakdown of actual expenditures**



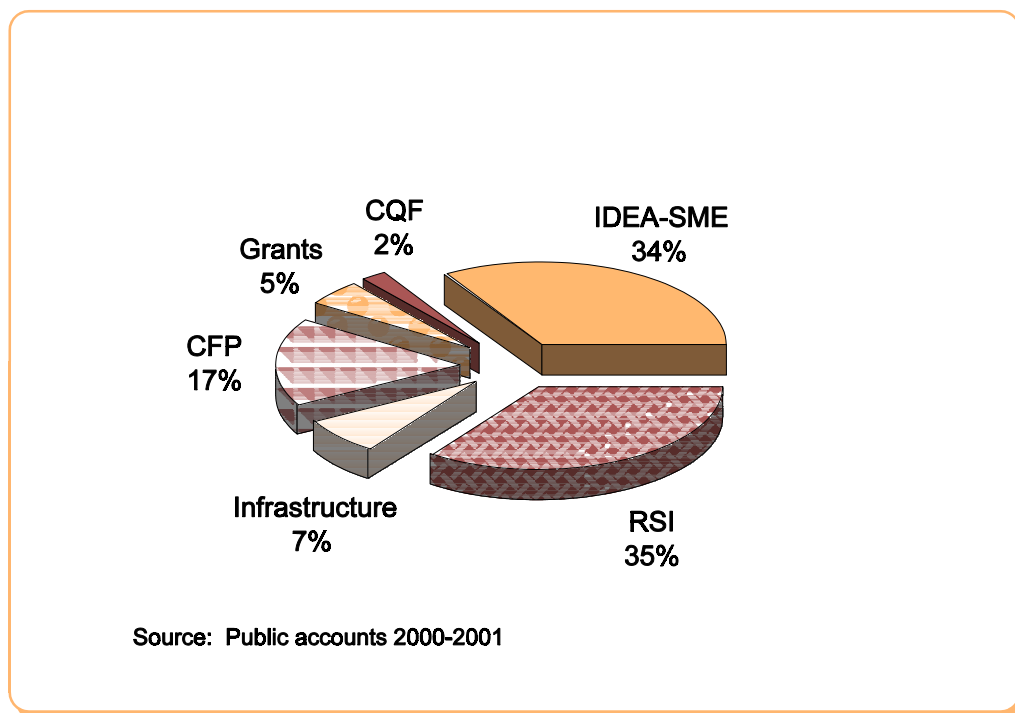
<sup>1</sup> The *Canada Small Business Financing Act (CSBFA)* and its predecessor, the *Small Business Loans Act (SBLA)*.



Figure II presents the breakdown of funds disbursed by the Agency in the form of contributions and grants, namely, \$149.5 million, but excludes the monies allocated to the SBLA and CSBFA programs, which are the responsibility of the Department of Industry, but whose costs in Quebec are reported in the Agency accounts.



**Figure II Breakdown of contributions and grants**





## 3 AGENCY PERFORMANCE

### A - COMPREHENSIVE PERFORMANCE OVERVIEW

The Agency contributes to the achievement of the Government of Canada's main priorities with respect to the future of the nation's economy, namely: economic growth, job creation, achievement of Canada's full potential in terms of both exports and investments, thrust in innovation and knowledge, and growth of SMEs in a manner respectful of the environment and future generations. Through the very nature of its mandate, the Agency is involved in promoting Canadians' opportunities in pursuit of their well-being and fosters the economic development of the regions. In this regard, it pays special attention to rural communities, and to integrating young people, Aboriginals and other target groups, in the spirit of the major principles of Canada's social cohesion.

Four main economic development issues underlie the Agency's activities, namely the changing global economic environment, local stakeholders' participation in development of their own economies, development for disrupted economic zones, and sustainable development. To take action on these issues, the Agency focusses on two main areas of activity: enterprise development, and improving the environment for economic development of the regions. Each area of activity is in turn divided into targets, as presented in the table of *Main strategic results* on page 19.

#### Evaluation and performance monitoring methodology

The results presented in this Performance Report were achieved by two means of service delivery: direct assistance to SMEs, administered by Agency advisers, and indirect assistance to SMEs and entrepreneurs, provided by collaborators and partners supported financially by the Agency.

The data presented derive from different information sources:

- performance monitoring of projects and initiatives, conducted by Agency managers and advisers and by partners and collaborators;
- annual telephone survey <sup>1</sup>, which reached 638 enterprises and organizations which sought assistance directly from the Agency in 2000-2001 (78% response rate);
- annual telephone survey concerning the long-term impact of Agency activities <sup>1</sup>, which reached 197 enterprises that received direct assistance from the Agency during 1997-1998 (72% response rate).

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<sup>1</sup> This survey was conducted by an outside firm on the Agency's behalf.





Since 1996, the Agency has pursued continuous improvement of its management practices with respect to programs and services. It also set up a performance measurement framework for any new program or major initiative which clearly specifies the objectives targeted and results anticipated in the short, medium and long term with performance indicators. Finally, the Agency maintained its ISO 9002 certification for financial and non-financial services under its two main programs, IDEA-SME and RSI.

As the Agency contributes financially to the implementation of projects designed and carried out by its clientele which often depend on the contribution of other stakeholders, the Agency's level of activities and results are directly linked to the efficiency and effectiveness of all the players involved. The SMEs and organizations supported by the Agency are also influenced in the implementation of projects by their interpretation of the local, national and global outlook, and by emerging social and political issues such as globalization and sustainable development.

The Agency's two main areas of activity differ in nature, in terms of timing and availability of performance information. The results for enterprise development are more readily available and easier to identify, whereas those stemming from activities in the environment for economic development of the regions are generally seen over the longer term and are less tangible. For that reason, they are more complex to define; it is also harder to attribute them directly to specific activities. The Agency focusses its performance measurement efforts on seeking and implementing tools that will enable it, in the future, to pinpoint this type of long-term result with increasing accuracy.

Finally, a number of results obtained through intermediaries, partners and collaborators in the indirect delivery of services to SMEs are also presented in this report, notably those of the Community Futures Development Corporations (CFDCs), business incubators, organizations promoting exports and many others. Readers wishing more information on these groups will find a description of the Agency's business network on its Web site (<http://www.dec-ced.gc.ca/en/programmes-services/2-reseau.htm>).

### **3.1 Overall performance indicators**

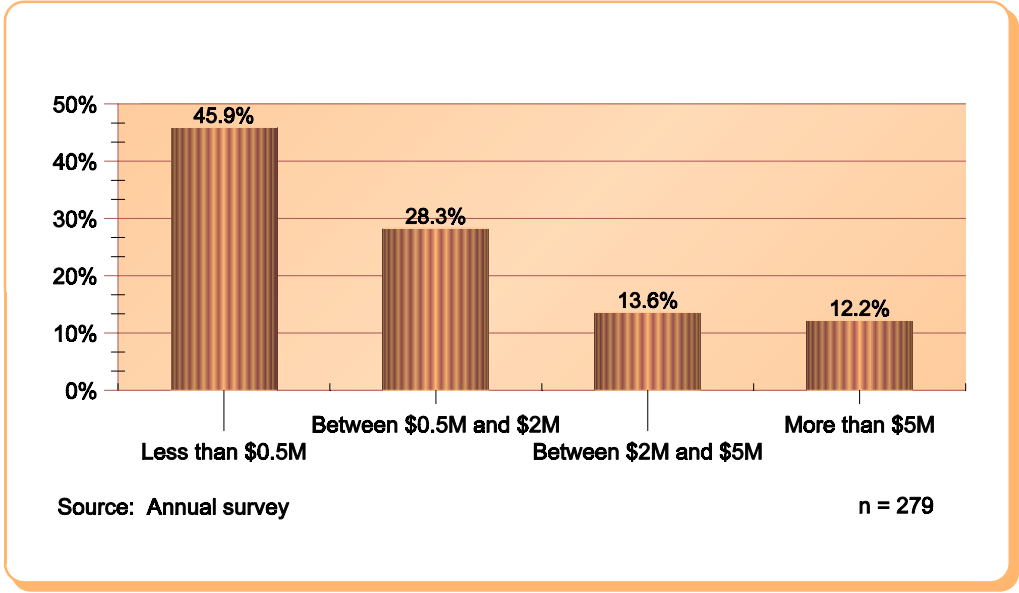
To provide a comprehensive profile of the Agency's performance, this section presents the important key results based on three indicators: client satisfaction, benefits of the assistance received and job creation. Details of additional indicators are provided throughout this report in line with the structure of the table of *Main strategic results* and key indicators specific to each target as presented on page 19.

The Agency's clientele consists of small and medium-sized enterprises (SMEs) from the regions of Quebec and various local and regional development players. In terms of number of projects, the Agency intervenes almost equally vis-à-vis enterprises and economic development organizations. Of the organizations receiving Agency support, 19% are local in scope, 35% conduct region-wide activities, 13% operate across the province, 7% are involved in national activities, and 25% have a presence on the international scene.

With regard to direct assistance provided to SMEs, project data show that 55% of these SMEs operate in the manufacturing or processing sector, 41% in services and 4% in natural resources. Moreover, a study conducted on a sample of 279 SMEs receiving direct assistance from the Agency revealed that most of them had sales beneath \$2 million and that 16% of the total were in the startup phase. The figure below provides further details.



**Figure III Sales breakdown of SMEs receiving direct assistance from the Agency in 2000-2001**



### 3.1.1 Client satisfaction

In order to ensure high quality service, adapt its service delivery and provide a better response to clients' needs, the Agency monitors client satisfaction rates. Providing quality client services is a constant preoccupation of employees within the organization. The Agency measures client satisfaction using evaluation questionnaires and through an annual telephone survey of a large sample of clients conducted by an outside firm. The satisfaction measurement scale was modified this year to bring it in line with the tool used by the whole federal government. As anticipated, this change had a slight downward impact on some of the results. This year, the Treasury Board of Canada recognized the Agency as a *Service Improvement Pioneer* for its efforts in measuring client satisfaction and planning service enhancements.



The following table shows that client satisfaction remains high for each aspect of service offered except, however, for response time, which recorded a 78.6% satisfaction rate. Owing to the rate for application response time, the Agency in September 2000 set itself service standards, thus underscoring its commitment to providing its clients with quality service. Analysis of client satisfaction data will also help more accurately define priorities for improving service, as prescribed in the Government of Canada's *Service Improvement Initiative*.

**Table II Client satisfaction rates**

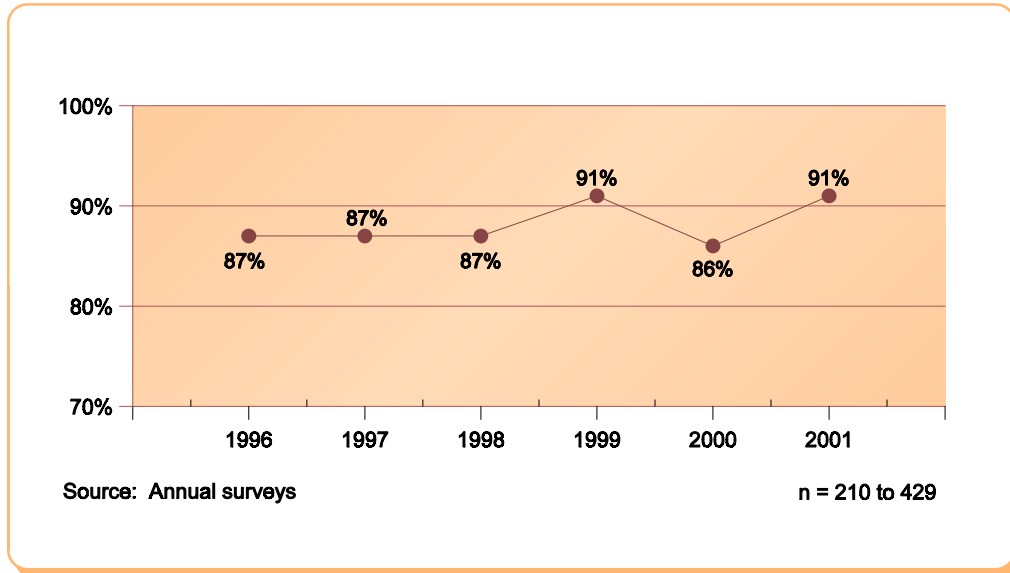
<b>Enterprises and organizations receiving service directly from the Agency in 2000-2001</b>	
<b>Key indicators</b>	<b>Satisfaction rates *</b>
Access to services	88.0%
Ability to meet clients' needs	83.3%
Application response time	78.6%
Clarity of documents received	88.5%
Courtesy of staff	99.6%
Competence of staff	91.2%
Accompaniment through procedure	87.8%
Quality of service in general	91.1%

\* Percentage of clients very satisfied and satisfied with services received.

This year, analysis of client satisfaction rates was broadened to include a sample of 75 enterprises and organizations whose application for financial assistance was not accepted. While satisfaction levels are lower than among clients who did receive financial assistance from the Agency, the fact remains that 85% of respondents whose applications were not accepted still wish to do business with the Agency.

According to the same survey, 91% of the 238 enterprises questioned indicated that, without assistance from the Agency, they would not have been able to complete their projects within the same time frame or on the same scale. The following figure shows that this proportion has held steady for six years.

**Figure IV** Proportion of enterprises which without Agency assistance would not have been able to carry out their projects in the same time frame and on the same scale (1996 to 2001)

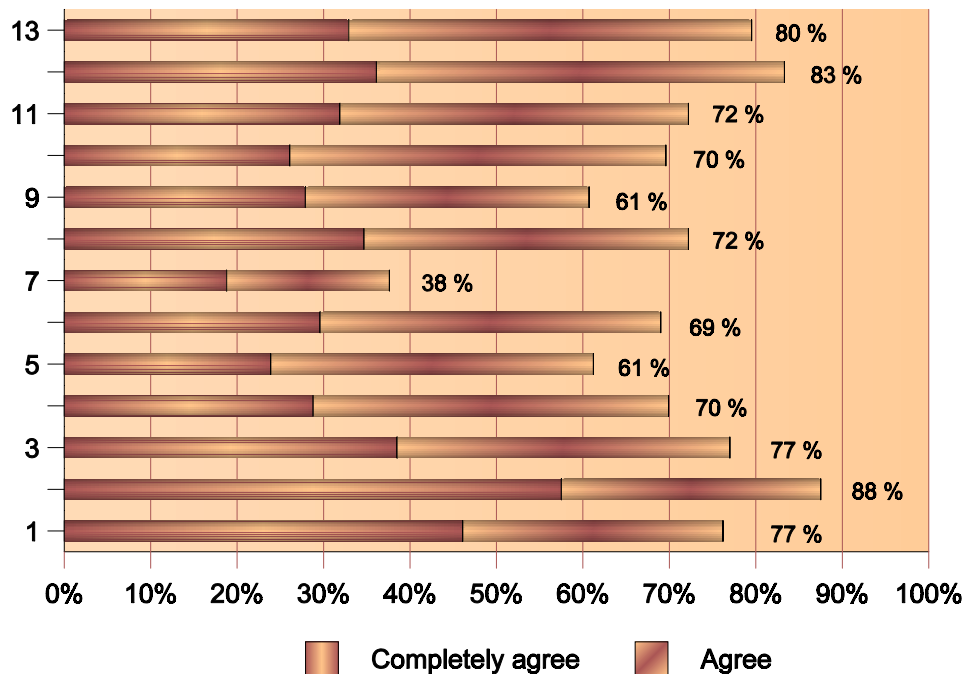


### 3.1.2 Benefits of Agency assistance according to clientele

The following figure describes the benefits of the Agency's assistance as perceived by the SME and the organization clientele of the RSI program (multiple-choice questions). It shows that the client's perception corresponds quite closely to the level of achievements of results for the Agency, as summarized on page 19 in the table of *Main strategic results*. From this figure it may be seen that Agency assistance successfully stimulated entrepreneurship and generated major economic spinoffs in the various regions of Quebec. In addition, local stakeholders' perceptions lead us to conclude that there are still significant challenges to be met with regard to encouraging SMEs to adopt information technologies and electronic commerce.



**Figure V Benefits of Agency assistance according to clientele**



**Assistance received from the Agency made it possible or helped to:**

1. Make decisions in my organization
2. Raise my organization's profile in the business sector
3. Stimulate entrepreneurship in my region
4. Bring enterprises together in groups or networks
5. Disseminate and transfer knowledge
6. Develop a product, service, process or know-how
7. Adopt new information and electronic commerce technologies
8. Develop a new business niche
9. Attract tourists to my region
10. Enhance the competitiveness of enterprises in my region
11. Create, develop and expand enterprises
12. Create and maintain jobs in my region
13. Generate significant economic spinoffs in my region

Source: Annual survey of RSI program beneficiaries  
(30% enterprises and 70% organizations)

n = 61 to 80



### 3.1.3 Job creation and maintenance

While job creation and maintenance are not the Agency's only objectives, these indicators nevertheless represent significant information on the results of the different projects and initiatives supported financially by the Agency, its partners and collaborators. In 2000-2001, the number of jobs created and maintained was estimated at 12,114. This result does not include all jobs created through Agency activities. Not taken into account in the estimates, for instance, are indirect jobs, those created under various programs such as SBLA-CSBFA and the Infrastructure Program, and some jobs created through initiatives implemented over a period extending beyond the period covered by this report.

Details on the creation and maintenance of jobs generated by the Agency and its partners and collaborators, under the Agency's various programs, are provided in the following table. Note that these job creation results are not exhaustive. In fact, the figures for jobs created and maintained under the IDEA-SME, CQF, PEMD and RSI programs represent conservative projections based on the findings of the annual survey.

**Table III Job creation and maintenance in 2000-2001**

<b>Program or activity / partial data</b>	<b>Jobs created</b>	<b>Jobs maintained</b>
IDEA-SME (excluding organizations which provide assistance for enterprises), Coastal Quebec Fund (CQF) and Program for Export Market Development (PEMD)	1,804	2,780
Regional Strategic Initiatives (RSI) Program	705	387
Community Futures Development Corporations (CFDCs), Business Development Centres (BDCs)	2,959	3,479
<b>Total</b>	<b>5,468</b>	<b>6,646</b>

As the Agency is concerned with the creation of sustainable employment, an outside firm was contracted for the third year in a row to measure the long-term impact of the Agency's prior investments. This survey, like the previous two, was conducted on samples of close to 200 enterprises which received assistance from the Agency in 1995-1996, 1996-1997 and 1997-1998, and made it possible to gauge the trends in long-term impact of projects.





These studies show that the great majority of jobs created through projects funded more than three years ago still exist. Also, an increase in the average number of employees per enterprise is observed, in all three studies. In effect, since 1998, more than 330 new jobs had been created, an average of 2.6 jobs per enterprise in addition to the jobs initially created through the projects. This indicator confirms the sustainable effect sought by the Agency.

Further, around 90% of those enterprises provided with financial assistance by the Agency during 1997-1998 at least maintained if not improved their sales figures between 1998 and 2001.

## B - AGENCY'S STRATEGIC RESULTS

In order to carry out its mandate, the Agency focusses on enterprise development and improving the environment for economic development of Quebec's regions. The following table shows for each target the main departmental commitments made by the Agency, as listed in the *Report on Plans and Priorities 2000-2001*. The right-hand column indicates the overall extent to which each of these commitments was achieved.



**Table IV Main strategic results**

To provide Canadians with support to: (areas)	Manifested by: (targets)	Achievement of main commitments from RPP 2000-2001
3.2 Foster enterprise development	3.2.1 Inform and raise awareness	★
	3.2.2 Fostering the establishment of strategic enterprises	●
	3.2.3 Fostering the enhancement of SMEs' competitiveness	●
	3.2.4 Fostering the development of small enterprises with local and regional reach	★
3.3 Contribute to improving the environment for economic development of the regions	3.3.1 Supporting development of local capacity to stimulate development of the local economy	●
	3.3.2 Fostering economic enhancement of regional assets	●
	3.3.3 Encouraging development and reinforcement of knowledge-based competitive advantages	▲
Legend:    ★ Objective exceeded: commitments were exceeded ● Objective achieved: most of the commitments were met ▲ Progress achieved: some commitments were not met		

One can see that the Agency exceeded its commitments with respect to activities associated with informing and raising awareness of enterprises (3.2.1), as well as those concerning small enterprise development (3.2.4). Overall, the Agency met most of the commitments with respect to the establishment of strategic enterprises (3.2.2),



enhancement of SMEs' competitiveness (3.2.3), support for development of local capacity (3.3.1) and enhancement of regional assets (3.3.2). Significant progress was made with respect to reinforcing knowledge-based competitive advantages (3.3.3). The Agency's strategic results concerning performance are presented in the following pages, in the same order as the table above.

As may be seen from the more detailed table of commitments in Appendix IV, of the 41 specific commitments made by the Agency for 2000-2001, 80% were met, including 32% that were exceeded. The Agency will, however, focus its efforts more particularly over the next few years on the eight commitments for which it did not manage to obtain the anticipated results.

For a number of these unattained commitments, the Agency has refocused its strategy so as to respond more closely to the issues, as in the case of its intervention in the electronic commerce field. In other cases, progress was made, and it is hoped the objectives will be reached over the next year. In one case the Agency revised its forecasts to a more realistic level, and one commitment had to be deferred to subsequent years.

### **3.2 Foster enterprise development**

In order to foster the development of Quebec enterprises, the Agency focusses its activities on four targets:

- Inform and raise awareness
- Foster the establishment of strategic enterprises
- Foster the enhancement of SMEs' competitiveness
- Foster the development of small enterprises with local and regional reach

In concrete terms, the Agency invested more than \$90 million over the report period — or 41.7% of its budget — in 519 projects fostering enterprise development <sup>1</sup>. Implementation of these projects included the provision of business information and awareness services in response to some 411,650 enquiries from business people. Moreover, through the Agency's investment, 5,735 representatives of the business world developed their marketing capabilities, through seminars and knowledge transfer activities. Other projects also allowed 1,300 enterprises to be initiated to the benefits and opportunities of networking. Some 1,100 local small enterprises and 100 or so technological SMEs started up or expanded. Also, 420 SMEs were given the opportunity to acquire business strategies and plans, while another 160 were able to develop their innovation capacity. In fact, these achievements led to the creation of more than 5,140 jobs and the maintenance of another 6,260.

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<sup>1</sup> Financial commitments made in 2000-2001 whose disbursements may be spread over more than one year.

### 3.2.1 Inform and raise awareness

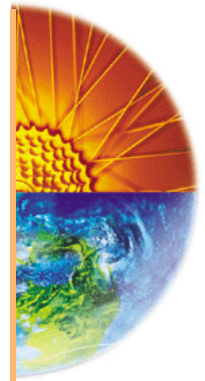
SMEs' growth cannot take place without continuous improvement in access to relevant business information. Proper awareness of development issues represents one way in which SMEs may be helped to meet the challenges they face in the context of market globalization, and to make informed business decisions. This involves supporting enterprises in understanding and mastering the new factors of competitiveness, helping them respond to the need to innovate and fostering their active participation in the dynamics of international partnership networks.

In fact, the Agency, and its network of partners and collaborators delivering front-line business information to SMEs, responded to more than 400,040 requests for information, or 84% more than forecast. The achievements in terms of information and raising awareness substantially exceed the commitments made in this area. Examples of these results include:

- The Agency provided financial support for the Canada Business Service Centres (CBSCs), which provide a comprehensive business information service. More than 390,000 requests for information were processed by the CBSCs, notably through *Info entrepreneurs* and *Ressources entreprises*.
- Community Futures Development Corporations (CFDCs), organizations supported financially by the Agency, provided 5,200 information-consulting services to entrepreneurs during 2000-2001 (assistance with business plan preparation, financial and human resource management, etc.).
- Agency advisers conducted more than 400 specialized information activities for enterprises, including information-consulting services (e.g., list of potential purchasers, regional economic profile, etc.) and strategic intelligence (e.g., holding of events or publication of documents relating to entrepreneurship, search for potential suppliers and distributors, etc.).
- The Agency's Web site was reorganized to make it easier to access and to find information; its content was updated in line with the *Government On-Line* (GOL) initiative. Traffic on the Agency's site was up 20% from last year, with a total of 65,450 visits. At the same time, the Agency answered 650 electronic requests for information and services, or four times as many as in 1999-2000.

Innovation, exports and electronic commerce are new development and competitiveness priorities to which SMEs must adapt. Through a SMEs support network, the Agency raises business awareness of these new priorities. More than 12,000 business world representatives were able to acquire new knowledge concerning the development issues of innovation, exports and electronic commerce at symposiums, seminars and workshops. These awareness initiatives yielded significant results, among them the following:

- Seven workshops on, among other things, technology transfer mechanisms held during the Agency-funded Small Business Conference / Info-Fairs meant close to 600 enterprises were made aware of the importance of innovation. Other Agency-supported events took place, such as a symposium on technological innovation in the Mauricie, organized by the Saint-Maurice Valley Technopole, reaching almost 300 participants.





- 10 *Contacts-exports* seminars led by export experts posted abroad, conducted with Agency support, enabled 600 enterprises to familiarized themselves with the ins and outs of exporting.
- Several activities put on with the Agency's collaborators, notably the Electronic Commerce Institute, Industry Canada and the Canada Information Office<sup>1</sup>, allowed close to 10,000 representatives of the business world from every region of Quebec to find out more about the issues and rudiments of electronic commerce.

### **3.2.2 Foster the establishment of strategic enterprises**

Facilitating the establishment and the first phases of expansion of enterprises in niches deemed strategic for a region's development (such as secondary processing of aluminum in the Saguenay) requires concerted effort. During the year, the Agency invested in more than 50 projects which helped better prepare entrepreneurs for business startups, fostered expansion of enterprises in strategic niches and supported development as well as the participation of SMEs in business networks. Most of the results commitments made concerning this target were met.

- The Agency contributed to the startup and pre-startup of more than 75 technological enterprises through some 10 technology incubators which are located in almost every region of Quebec. More than 70 business plans were prepared, and some 290 specialized jobs were created.
- In Centre-du-Québec, \$10 million in assistance from the Agency made it possible to establish a high-end cotton weaving plant. This facility generated total investment of some \$45 million.
- Inno-centre and the Agency signed an agreement concerning the pre-capitalization of high-technology enterprises. 17 business startup projects were thus implemented through a contribution of close to \$2 million. These projects in turn generated investment of \$28 million and led to the creation of some 120 jobs.

Also with the objective of fostering the establishment of strategic enterprises, and through support from the Agency, 1,290 entrepreneurs were able to participate in international business networks. Examples include:

- The Agency funded FuturAllia 2000, a strategic alliance fair in Sherbrooke, which brought together more than 1,000 representatives of the business world from 14 countries. Participating enterprises averaged more than five business contacts.
- At the 3<sup>rd</sup> *Salon de la sous-traitance* (subcontracting fair) organized in conjunction with the Baie-Comeau Chamber of Commerce, numerous SMEs and large corporations made contact and explored subcontracting opportunities. Close to 90 enterprises generated region-wide spinoffs of \$6 million in contracts.
- A trade conference/fair, Bio Agro Contact 2000, organized by Bioagral, an organization supported by the Agency, the Quebec government and other public institutions, brought together more than 400 participants in Saint-Hyacinthe, thus contributing to the promotion of biotechnology and fostering linkages among international players in the biofood field.

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<sup>1</sup> The Canada Information Office became Communication Canada in September 2001.



### 3.2.3 Foster the enhancement of SMEs' competitiveness

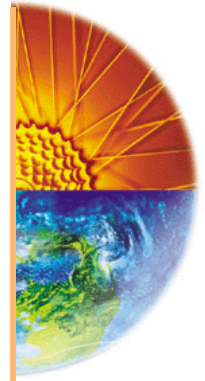
In order to contribute to reinforcing SMEs' competitive position, the Agency provides financial support for various actions aimed at enhancing enterprises' strategies, development of technological innovation capacities and reinforcement of SMEs' marketing capabilities with a view to penetrating outside markets. This support made it possible to encourage many SMEs to adapt to the new world economic context and to the importance of innovation in business. With respect to this target, the results commitments were met.

The Agency also provides financial support for SMEs in their development of business plans through the use of consulting services. It contributed to the delivery of specialized advice to more than 420 enterprises, thus exceeding expectations in this respect. Examples include:

- *Centre de promotion du logiciel québécois (CPLQ)*, supported financially by the Agency, carried out more than 30 strategic plans vis-à-vis SMEs operating in the software sector. In addition, 15 information workshops on management, finance and marketing strategies drew 1,000 participants.
- The *Groupement des chefs d'entreprise du Québec*, which the Agency has supported financially for several years, provided 300 enterprises with a diagnostic and inter-firm comparison service offered in conjunction with the University of Quebec at Trois-Rivières.

Raising the level of knowledge and competencies in enterprises is crucial for enhancing competitiveness and capacity to innovate. With regard to developing innovation, the Agency contributed to the development of the capacity to innovate for more than 1,220 SMEs. It also provided its support for the implementation of 162 projects to perfect new products and services. The projects presented below illustrate the variety of the Agency's activities in this area.

- The Canadian Technology Network (CTN), funded by various federal departments including the Agency, responded to 790 requests for technological information from Quebec firms, a 69% increase over last year.
- The Agency contributed to developing businesses' capacity to innovate, notably through information activities concerning technology applications. Conducted in conjunction with Valotech, these sessions drew 290 participants.
- In 2000-2001, in conjunction with McGill University, the Agency funded a "business-researcher" brokerage service pilot project aimed at the chemical and plastics industries, enabling 45 enterprises to make contact with scientific and technological resources geared to their needs.
- The Agency renewed its financial support for the *Opération PME* program, a project carried out with the *Ordre des ingénieurs du Québec (OIQ)*. It also provided support for another initiative of the same type in Eastern Quebec and on the North Shore. Through this assistance, close to 95 SMEs, primarily operating in the regions, were able to acquire human resources with technological competencies and to benefit from the services of science and engineering graduates or students or technicians in the physical sciences.





The goal of the Agency's activities with respect to development of enterprises' marketing capabilities is to encourage SMEs to export more by reducing the risk through the sharing of costs associated with certain market-penetration activities (acquisition of export-related competencies, new market development, etc.). The Agency, directly or through intermediaries, collaborators or partners specializing in the export field, raises business awareness and prepared more than 5,735 business people with respect to exports, through 580 export market development projects or activities. Of this number, it directly supported 316 projects associated with developing marketing capabilities through the IDEA-SME program and 42 projects through the Program for Export Market Development (PEMD). The PEMD is delivered by the Agency in Quebec, but the Department of Foreign Affairs and International Trade (DFAIT) has responsibility for its budgets and expenditures.

- Export service organizations funded by the Agency, such as Estrie Internationale 2007 Inc., Serdex Saguenay / Lac St-Jean, Laval Technopole, Chaudière-Appalaches Export and Corporation Mauricie international, carried out several types of activities for SMEs, most of which have very little export experience. With Agency assistance, these specialized organizations accompany enterprises at various stages in their export-related learning. Some 50 export awareness activities reached close to 1,890 entrepreneurs. In addition, 640 enterprises received assistance in the form of information searches, diagnostics, establishment of export strategy and support for implementation of export plans. Also, 1,600 entrepreneurs improved their export-related competencies at 95 training sessions.
- In conjunction with the Business Development Bank of Canada (BDC), the Agency held 8 sessions for new professional exporters (NEXPRO) which brought together 53 heads of SMEs and 98 SME representatives. Approximately 280 enterprises benefited from individual support in this regard. Through 58 trade missions, more than 585 enterprises received assistance with market penetration, while 56 SMEs benefited from personalized accompaniment on missions.
- World Trade Centre Montreal (WTCM), supported financially by the Agency, offers SMEs structured export preparation services in addition to those offered by the regional organizations. Approximately 1,540 people took part in the 40 workshops on exports. WTCM organized 12 trade missions geared to the needs of specific industrial sectors, in which close to 200 SMEs took part.



### 3.2.4 Foster the development of small enterprises with local and regional reach

Fostering the establishment and development of local and regional SMEs contributes to the creation of collective wealth and the emergence of job opportunities, as well as influencing the restructuring of local economies, especially the economies of regions experiencing structural difficulties. The Agency contributed to the startup and expansion of 1,170 small enterprises, and this represents a major influx of investment in a number of communities and regions where growth is slow. It also promoted the integration of target groups, such as young people and Aboriginals, in the dynamics of entrepreneurship. This year 24 industrial diversification projects in the aquaculture sector were carried out, as well. Most of the commitments corresponding to this strategic results target were exceeded.

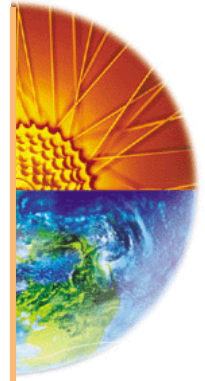
The Agency manages the Community Futures Program (CFP) for the regions of Quebec. The objective of this Canada-wide program is to stimulate communities' participation in assuming responsibility for their own future. This program brings together a network of organizations holding strategic positions in the economic dynamics of Quebec's regions, and constitutes an asset at the service of citizens and communities. The CFP is a national program to increase the capital of local expertise and targets communities located outside major urban centres. Three types of organizations are supported financially by the Agency in this regard:

- Community Futures Development Corporations (56 CFDCs);
- Community Economic Development Corporations (16 CEDCs);
- Business Development Centres (7 BDCs).

Since the program was extended during 2000-2001 to 35 additional municipalities, small enterprises in most Quebec communities now have local access to government services through this network of partners and collaborators. By consolidating territorial coverage, this network of organizations was strengthened, and it represents the Agency's special link with rural populations.

Canada Economic Development contributes to the CFDCs' operating expenses and investment funds. This year the Agency increased its funding of the CFDCs' operating costs. This important Agency partner offers, among other things, financial assistance to small enterprises to help them create and maintain long-term jobs in local communities. Examples of services offered by the CFDCs in Quebec communities and the results achieved by these organizations include:

- During the year, the CFDCs collaborated in the implementation of local economic development initiatives. More than 720 SMEs and organizations received financial assistance totalling \$20 million (more than 700 loans from the investment fund and 330 local development projects). Implementation of these projects generated investment in the regions gauged at \$108.6 million. The CFDCs' different activities led, through the Agency's contribution, to the creation and maintenance of more than 4,790 jobs in rural communities in Quebec.





- In order to facilitate access to financing for young entrepreneurs, the CFDCs' Youth Strategy supported 310 projects across Quebec, for a total contribution of \$3.5 million, generating \$21.1 million in total investment and leading to the creation of more than 938 jobs. This initiative, supported by the Agency, is aimed at stemming the exodus of young people from rural regions.
- The support provided by the Agency to the Cree community CFDC (*Eeyou Economic Group*) led to the implementation of 17 projects for young Aboriginal business people. A total contribution of \$358,000 was paid by the Agency to this end, leading to the creation of 57 jobs. In addition, financial support totalling \$338,368 from this CFDC to 7 other enterprise projects translated into the creation of 19 jobs and the maintenance of 11 others.

Aside from the CFDCs, the Agency, in association with the Quebec government and the municipalities concerned, supports Community Economic Development Corporations (CEDCs). CEDCs are devoted to the socio-economic recovery of disadvantaged urban neighbourhoods (Montreal, Quebec City, Sherbrooke, Trois-Rivières and Hull—Gatineau), in particular to stimulating the startup or pre-startup of small enterprises. The CEDCs offer information and guidance services, as well as technical services to businesses. The Agency also provides financial support for other initiatives in disadvantaged urban areas, such as local entrepreneurship funds.

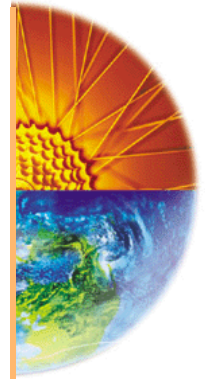
- More than 3,300 entrepreneurs, promoters or SMEs used the CEDCs' information and guidance services. More than 500 entrepreneurs took part in 5 awareness workshops organized during 2000-2001.
- The Agency's support for local entrepreneurship funds, including the *Fonds de développement de l'emploi de Montréal*, *Fondation du maire de Montréal pour la jeunesse*, Canadian Executive Service Organization (CESO), Youth Employment Services and *Centre d'intervention pour la revitalisation des quartiers* (CIRQ), made it possible to conduct 1,090 accompaniment, guidance, diagnostic and referral actions and create 271 jobs.

Business Development Centres (BDCs) are also involved in communities' economic growth. These organizations primarily provide financial consulting services and access to capital. The Agency supported seven BDCs during the year. These centres contributed to more than 41 business startups, as well as providing 13 loans for a total of \$1.8 million. These contributions generated investment four times as great as the amounts granted, as well as leading to the creation and maintenance of 706 jobs.

The Agency also assisted in the implementation of additional local initiatives in regions experiencing structural difficulties. Here too, the results exceeded expectations:

- In Thetford Mines, as of March 31, 2001, 18 projects had been approved and funded under the Regional Strategic Initiative for the Amiante regional county municipality (MRC de l'Amiante), aimed at restructuring the economy of this community undergoing hard economic times. These projects generated \$17 million in investment in the region.
- In the Gaspésie, Îles-de-la-Madeleine and Côte-Nord regions, 56 projects benefited from a total contribution of some \$4.3 million, under the Coastal Quebec Fund program. These projects generated total investment in these regions of \$18.3 million, which should lead in the medium term to the creation and maintenance of approximately 350 jobs.

- An Agency-funded initiative aimed at mobilizing local stakeholders so as to market rural products (*produits du terroir*) developed by enterprises in Lanaudière gave 35,700 people the chance to find out about and taste agri-food products developed and produced on a small scale in the region.
- The Agency contributed to the action fund of mariculture industry development corporation, SODIM (*Société de développement de l'industrie maricole*). 11 projects were carried out by enterprises operating in the scallop cultivation sector. In addition, this year, 13 projects funded under the Agency's Coastal Quebec Fund were directly related to aquaculture. These projects contribute to the diversification and increased output of aquatic products in regions hit by the groundfish crisis.



### **3.3 Contribute to improving the environment for economic development of the regions**

As well as working directly on enterprise development, the Agency contributes to improving the support environment for economic development of the regions. To this end, it focusses on three targets for action:

- Support the development of local capacity to stimulate development of the local economy
- Foster the economic enhancement of regional assets
- Encourage the development and reinforcement of knowledge-based competitive advantages

The goal of the activities carried out in this area, in which the Agency has now been engaged for three years, is to increase the development of Quebec's regions. The Agency invested 58.3% of its budget in this, or more than \$125.9 million in 291 projects, most of which are initiatives of a strategic nature that will have a long-term impact on the economy <sup>1</sup>.

While it is already possible to see progress in this area, it will be necessary to continue to perfect tools and methods that can effectively capture all the performance information associated with this type of action, whose impact is varied and whose results are seen in the long term. The Agency is conscious that it still has challenges to meet in this respect, particularly with regard to initiatives with third parties.

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<sup>1</sup> Financial commitments made in 2000-2001 whose disbursements may be spread over more than one year.



### 3.3.1 Support the development of local capacity to stimulate development of the local economy

The Agency has contributed to informing and raising the awareness of local stakeholders as to the new economic situation. It has also taken an active part in preparing and disseminating specialized knowledge on economic development trends and issues, with a view to shedding light on measures which the various economic players have to take. Examples of activities which contributed to meeting commitments made in this regard include:

- The Agency's Observatory worked on organizing 12 knowledge transfer activities vis-à-vis domestic and international forums of experts and practitioners. It also published seven research reports, notably on the impact of the new context of market globalization on SMEs and the role of government in economic development (see the Observatory's work at <http://www.dec-ced.gc.ca/en/biblio/observatoire/observatoire.htm>).

With a view to encouraging the creation and dissemination of knowledge, the Agency funds work on economic topics and subjects of local interest. In this context, it provided technical and financial support for the organization of 100 or so seminars, symposiums and public forums, more than 60 of them in the Montreal area, which reached more than 40,000 business people.

The Agency encourages the development of local capacity to stimulate the local economy and supports initiatives to promote entrepreneurship, among young people in particular. In this way, it aims to support the preparation of the next generation as well as recognize excellence in business. These few examples illustrate the Agency's support in this area, where results exceeded expectations.

- The SME-oriented TV series, *Circuit PME*, conceived by the MacLean Hunter Entrepreneurship Chair of the *École des Hautes Études Commerciales* (HEC) with financial support from the Agency, was watched by an average of 190,000 viewers a week, who were thus able to find out about the different government programs and services offered to entrepreneurs. 6 specialized columns in *Les Affaires* (a weekly paper with an 85,000 print run) provided follow-up on the broadcasts.
- The Agency funded several galas organized to recognize business excellence, some of them aimed more specifically at young people and Aboriginals. Among them were the Mishtapew Gala (700 Aboriginal participants), the Quebec Chamber of Commerce's Mercuriades Gala (900 business community representatives) and the Rimouski Chamber of Commerce's *Gala de l'entreprise* (400 participants). These events reached a total of 11,800 people.
- More than 1,040 student projects were supervised and guided this year through the Quebec Entrepreneurship Contest, which aims to promote entrepreneurship among young people. This competition is an initiative involving, among others, the Quebec government, several Cegeps and the Agency.
- The Agency contributed to the creation of 7 new student entrepreneurship clubs this year, which now number 60.
- The Agency, in partnership with the Quebec government, contributed to creating a setting conducive to the increased success of self-employed workers in the Laurentides

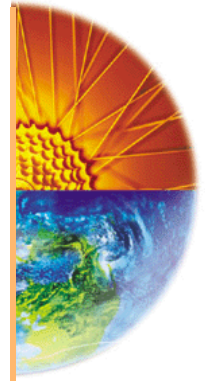
region by enabling them to become more competitive through the creation of a *Capitale du nouveau travail*. This corporation drafted thematic guides for them and made local stakeholders aware of the situation of self-employed workers.

The Agency fosters the growth of local and regional economic development organizations by promoting information exchange on best practices in local and regional economic development, facilitating networking and linkage activities among the organizations and contributing to the design of tools for local mobilization and facilitation. In so doing, it contributes to sharing expertise and promotes continuous improvement of the services delivered to the public. Examples illustrating the Agency's achievements in this area include:

- A pan-Canadian conference of Community Futures Development Corporations (CFDCs) partly funded by the Agency, bringing together 450 representatives from the 10 provinces and the Northwest Territories, led to the forging of collaborative and exchange links.
- A pan-Canadian symposium on rural development through new information technologies was held in October 2000 through Agency support; 165 representatives of local organizations, enterprises and the different levels of government took part in it. In the wake of this meeting, a "cyber-rural" virtual network was set up to create permanent pathways for exchanging information on the Internet among rural development players, namely universities, organizations, entrepreneurs and community access centres. In 2 months, the site was visited by 2,033 Web surfers.
- 150 Canadian (including several Aboriginals) and European stakeholders pooled their practical knowledge of hunting and scientific knowledge at a conference, held at Kuujuaq in Nunavik, aimed at improving knowledge concerning caribou herd management.
- An initiative implemented in partnership with the Quebec government and Human Resources Development Canada led to completion of a study on the issue of the exodus of young people from the North Shore and establishment of an inter-government committee on labour erosion.
- In Rouyn-Noranda, the Agency supported the business community and local population in the implementation of a local economic development tool, *Club Défi*. This club promotes the industrial, commercial and economic growth of the city and its surrounding municipalities. This joint initiative, which collected locally an investment fund of more than \$1 million, paved the way for establishment of two facilities in the region (ecological stoves and granular cooking fuel). These projects translated into the creation of 200 new jobs in the region.

The Agency also contributed to initiatives aimed at encouraging foreign firms and organizations to invest in the regions of Quebec. Also, with a view to increasing the number of tourists from abroad, the Agency supports the international marketing of festivals and other tourism initiatives.

- *Montréal International* aims at prospects for foreign investment and encouraging international agencies to settle in the Greater Montreal area. The Agency made a \$1.6 million contribution toward the organization's activities in 2000, and this led to the implementation of 77 foreign investment projects in strategic economic sectors. The projects in which *Montréal International* participated will generate \$900 million in







investment and create more than 4,800 jobs. *Montréal International* also took part in the establishment of six new international organizations in Quebec, including the UNESCO Institute for Statistics, *Réseau international francophone d'aménagement linguistique* and International Union of Building Centres.

- The Agency invested in numerous festivals, nine of which are held in Montreal (including the Montreal International Jazz Festival, Montreal World Film Festival, Montreal High Lights Festival and First Peoples' Festival). The Agency's contribution to these events totalled \$2.3 million. This funding contributes to the development and implementation of promotion and marketing strategies (notably media placements, broadcasting of performances) so as to help draw and retain Canadian and foreign tourists. These events attracted close to 4.5 million festival-goers during the year, generated economic spinoffs estimated at \$142 million by the promoters and created close to 5,000 jobs (mostly temporary, and not accounted for in our job-creation estimates).
- An example of a tourism initiative supported by the Agency is the Northern adventure tourism project devised by the Conquerors of the North (*Ordre des Conquêteurs du Nord*) in Abitibi-Témiscamingue and Nord-du-Québec. This ecotourism project allows tourists to be in simultaneous contact with the cultures of Europe, North America and the First Nations (Algonquin, Cree and Inuit).

In order to contribute to advocating regional interests vis-à-vis the Government of Canada, cater more closely to citizens' needs and facilitate local and regional participation in the development of national policy, the Agency sensitizes government decision-makers to regional economic problems and issues. It also informs the public, through its communication activities, about Government of Canada initiatives. Notable Agency achievements in this regard include the following:

- To bring citizens closer together and foster the economic recovery of the Gaspé and Îles-de-la-Madeleine, which are experiencing especially difficult times, a new Agency office was opened in October 2000. The Canadian Support Program for the Economy of Gaspé and Îles-de-la-Madeleine was also put into effect at that time.
- The Agency is working to enhance the participation of the various economic players in the process of setting national policy. Representations were made, among other things, to assist the Quebec mining industry. In the February 2000 budget and the Government's fall 2000 economic statement, measures favourable to this industry were announced.
- In conjunction with the Canada Information Office, the Agency co-ordinated 75 meetings between local and regional stakeholders and federal Ministers to foster consultation and discussions with the community.
- Also, a number of the Agency's partners and collaborators have the specific mandate to help SMEs take part in public calls for tender from the Government of Canada concerning the acquisition of goods and services by informing them of business opportunities in major government projects. These organizations provide monitoring services, advice and technical assistance to enterprises. The value of contracts obtained by SMEs using these services stood at \$39 million in 2000-2001.

### 3.3.2 Foster the economic enhancement of regional assets

The Agency, through its financial support, helped implement projects aimed at creating or reinforcing assets likely to have a strategic impact on the economy of the regions. The performance objective established for this target was achieved. The following examples of initiatives fall under this strategy, and their impact on the regions is significant:

- The Agency is associated with development of the Montreal International District (QIM) which is intended to attract international enterprises and organizations to Downtown Montreal. Developed at a cost of \$60 million, this project involves consolidating the underground pedestrian network, in a quadrilateral linking the business district to Old Montreal, and redeveloping a number of streets, intersections and public squares. The Agency's \$24 million contribution to this project along with contributions from other partners who have already invested some \$36 million in the QIM (Quebec government, *Association des riverains du QIM*) together have had a leverage effect which should attract more than \$1 billion in investment over the next few years. Including all the real property projects in this area, by 2002 over \$650 million will be invested there, including more than \$161 million already invested in 2000-2001.
- The revitalization of the Lachine Canal has a substantial economic impact on the economy of Southwestern Montreal, long one of the city's most underprivileged areas. Since 1997, the Government of Canada and the City of Montreal have invested \$83 million to rehabilitate this waterway. The Agency has contributed \$16.5 million to the project, \$3 million of it this year. This investment leads to the revitalization of the Canal corridor as it extends from the Old Port of Montreal, and provides the Montreal region with a development infrastructure with economic, tourism and heritage potential. Already from 1998 to May 2001, private residential and commercial investment associated with enhancing the Canal totalled \$115 million in projects completed, in progress, or announced.
- In the Haut-Richelieu, a \$10.8 million contribution over three years from the Agency will be used to continue establishing a teaching campus at Fort-Saint-Jean. On this site, the different colleges and universities will provide international calibre education in the fields of peace, security and IT management.

### 3.3.3 Encourage the development and reinforcement of knowledge-based competitive advantages

The Agency contributes to enhancing and implementing projects and initiatives which are in line with the Government of Canada's priorities (science and technology, technology transfer, innovation) and which have a significant effect on the development and competitiveness of Quebec's communities and regions. In order to reinforce regional competitive advantages, the Agency supported initiatives in the knowledge-economy field (research and technology transfer centres, etc.). Significant progress was made with respect to meeting commitments concerning this target.

- The Agency financially supported the *Institut national d'optique* (INO) in Quebec City in its optics and photonics research program. The research program generated 183 new jobs in 2000-2001 and sales of expertise of \$10.5 million, thus exceeding the organization's self-funding objectives.





- The Agency also funded CRIM (*Centre de recherche en informatique de Montréal*) in order to help SMEs improve the quality of new software and minimize the risks associated with its marketing. During the year, 17 software tests were conducted.
- The Agency contributed in 2000-2001 to consolidation of the activities of *École Polytechnique de Montréal's Centre de développement rapide de produits et de procédés*, which offers services to assist innovative SMEs. The Centre conducted awareness and technology transfer activities vis-à-vis SMEs in the areas of rapid development of products, equipment and prototyping. Finally, it organized 10 or so events attended by more than 500 people, as well as 4 seminars which drew 240 participants.
- The Agency contributed to the applied research conducted by the *Consortium de recherche sur la forêt boréale commerciale* in the Saguenay—Lac-Saint-Jean region. This year, several applications were perfected, including one for supplying paper companies with wood chips.
- The Agency funded feasibility studies associated with seven research or technology transfer centres (submissions to the Canadian Foundation for Innovation), including a project from the University of Quebec at Hull to set up a virtual reality research centre, an industrial ecology technology transfer centre in the Montérégie and several projects initiated by McGill University and the University of Montreal. Two of the latter feasibility studies were implemented, and led to some \$116 million in investment.

Finally, the Agency took part in two group initiatives to set up specialized research centres, in partnership with the National Research Council Canada (NRC). The first, in Saguenay—Lac-Saint-Jean, aims to reinforce Canada's position in the secondary and tertiary processing of aluminum. This project will support technology development; it will make it possible to back SMEs in their efforts to adopt new technologies and thus enhance their competitiveness, and will bring 80 researchers to this region. The second, housed on the University of Montreal campus, will focus its research on enhancing technologies and advanced manufacturing processes in the aerospace industry. The costs of these two initiatives are jointly funded by the Agency and the NRC.

The Agency aims to encourage the use of electronic commerce by SMEs. The following examples illustrate the efforts taken by the Agency this year to meet commitments in this area.

- Two e-commerce platforms were created by the Agency, in partnership with Technologies Polydev Inc., bringing together 1,057 SMEs in the electrical/electronic products and aerospace sectors.
- The Agency also supported eight projects, primarily concerning electronic portals, with a \$1 million contribution. These projects should lead to investment of more than \$2.3 million in the near future.
- The Agency provided the regions of Quebec with e-commerce expertise this year. E-commerce experts, located in the CFDCs, made it possible to provide individual support for 365 enterprises and submitted 17 major projects to the Agency to respond to enterprises' regional needs with respect to electronic commerce.
- Two handbooks on e-commerce and portal design, with a 16,400 print run, were produced by CEFRIO (*Centre francophone d'informatisation des organisations*) and the Electronic Commerce Institute with assistance from the Agency.



Analysis of the results obtained following implementation of the electronic commerce strategy showed that the Agency's efforts had not fully achieved its objective of increasing the number of SMEs adopting e-commerce practices. This study of e-business trends and challenges nevertheless made it possible to understand the reasons behind this situation, reassess the issue and draw lessons from it. The exercise enabled the Agency to conduct an in-depth revision of its e-commerce strategy, which has undergone significant change for fiscal 2001-2002.

### **3.4 Horizontal initiative: Sustainable Development**

The Agency's Sustainable Development Strategy (SDS) is built around two areas of activity, namely external and internal promotion of the principles of environmental management. The Agency's commitments require it to raise awareness in SMEs to the potential of sustainable development, promote the marketing of the Quebec environment industry's products and services, adopt more ecological practices and integrate environmental concerns into the corporate culture. Overall, the objectives associated with these commitments were met during the year.

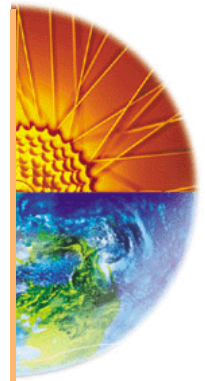
#### **3.4.1 External promotion**

With regard to raising awareness in SMEs, the Agency, in partnership with Environment Canada, the NRC, the Climate Change Action Fund and regional partners, set up two Enviroclubs which promote pollution prevention, eco-efficiency and sound environmental management in enterprises. The Agency altered its annual expectations as to the number of in-house learning projects concerning sustainable development practices and now aims to set up two new Enviroclubs a year, despite the scale of the consultation work that setting up such organizations requires.

- 24 manufacturing SMEs took an active part in 2 Enviroclubs supported financially by the Agency, thus benefiting from expertise for the development of in-house projects or the implementation of key elements of an environmental management system.
- The *Concours Phénix* jury pointed to the quality and ripple effect of the Enviroclub concept. In its words, Enviroclubs "*provide superior learning in the form of education, awareness and individual support offered to SMEs.*"

In order to promote the marketing and excellence of the Quebec environmental industry's products and services, the Agency signed an agreement with *Réseau Environnement*, a 1,600-member association. This agreement led to the creation of a marketing assistance service for SMEs. Other examples of Agency activities with respect to promotion of sustainable development include:

- The Agency supported business matchmaking activities at Americana 2001, an environmental technology trade show. This event drew 8,800 participants from the environmental industry services and products sector from 91 countries. 72 Quebec and Canadian enterprises took part in matchmaking activities at one of the 642 business meetings at this event.





- The Agency continued its support for three technological platforms bringing together university researchers, research and technology transfer centres and environmental industry firms. These research structures are involved in developing electric vehicles in real situations, managing the boreal forest, developing marine technology as well as aquaculture.
- Under an agreement with Environment Canada, Enviro-Accès and promoters from the Montérégie region, the Agency contributed to the completion of a feasibility and needs identification study for the establishment of another technological platform concerning soil decontamination.

### **3.4.2 Internal promotion**

Internally, while its operations have limited impact on the environment, the Agency nevertheless pursued its efforts toward making them more ecologically sound (paper recycling, double-sided printing, purchasing policy) and developed tools to raise employee awareness of environmental issues. A column on sustainable development-related topics appears in each issue of the Agency's in-house electronic newsletter.

- With a view to continuing to improve its SDS management practices, the Agency has integrated the emphasis on sustainable development into its routine project analysis operations by incorporating it into its ISO 9002 quality management system, which provides the framework for service delivery.
- In February 2001 the Agency tabled a new sustainable development strategy in Parliament (<http://www.dec-ced.gc.ca/en/biblio/publications/Agence/pub-Agence.htm>). This strategy ensures continuity while benefiting from the experience acquired.
- The Agency is currently working on establishing a project management and monitoring framework that will contribute to improving the conduct and performance monitoring of sustainable development initiatives and make reporting easier.

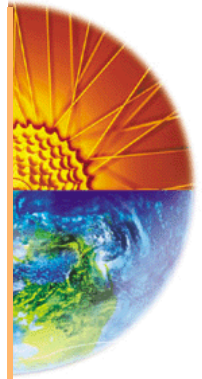
## APPENDIX I LIST OF ACRONYMS AND ABBREVIATIONS



BDC	Business Development Centre
CBSC	Canada Business Service Centre
CSBFA	<i>Canada Small Business Financing Act</i>
CEDC	Community Economic Development Corporation
CFDC	Community Futures Development Corporation
CFP	Community Futures Program
CQF	Coastal Quebec Fund
CTN	Canadian Technology Network
DFAIT	Department of Foreign Affairs and International Trade
ECI	Electronic Commerce Institute
HEC	<i>École des Hautes Études Commerciales</i>
IDEA-SME	Small Business IDEA Program
IDM	Institute of Design Montreal
NEXPRO	New Professional Exporters
NRC	National Research Council Canada
OIQ	<i>Ordre des ingénieurs du Québec</i>
PEMD	Program for Export Market Development
RSI	Regional Strategic Initiative
SBLA	<i>Small Business Loans Act</i>
SDS	Sustainable Development Strategy
SMEs	Small and medium-sized enterprises
WTCM	World Trade Centre Montreal



## APPENDIX II PROFILE OF THE AGENCY



### **Responsibilities**

Part II of the *Department of Industry Act* defines the responsibilities of the Minister responsible for Canada Economic Development with respect to regional economic development in Quebec. The Minister oversees the development 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.

### **Roles**

Design and implementation of appropriate economic development policy and programming, with a view to participation in the achievement of national priorities, harmonization of federal activities, establishment of co-operative relations with other public and private stakeholders, advocacy with other government departments, promotion of federal programs and services, development of knowledge and dissemination of information.

### **Summary of programs**

#### **IDEA-SME**

This program is intended for a clientele made up of Quebec SMEs and SME support organizations. IDEA-SME provides financial support for SME projects in the following areas of activity:

- Innovation, research and development, design
- Development of markets
- Export marketing
- Entrepreneurship and business climate development

#### **Regional strategic Initiatives (RSI)**

This program involves developing and implementing strategies and action plans to foster the development of a socio-economic climate conducive to strengthening of the assets and competitive advantages of Quebec's regions. The RSI program supports major initiatives likely to have a growth-generating impact on the regional economy.



## **Community Futures Program (CFP)**

The CFP is a national program that supports communities in every region of the country, to help them take charge of their own economic development. In Quebec, the CFP provides financial support to 56 Community Futures Development Corporations (CFDCs), and also supports 16 Community Economic Development Corporations (CEDCs) and 7 Business Development Centres (BDCs).

## **Coastal Quebec Fund (CQF)**

This fund, also known as the Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities, is intended to implement measures to support economic and community development of communities affected by the restructuring of the fishing industry (Côte-Nord and Gaspésie/Îles-de-la-Madeleine administrative regions, and adjacent fishing communities).

## **Canadian Support Program for the Economy of Gaspé and Îles-de-la-Madeleine**

This program is a special measure with a budget of \$35 million over five years to improve the economic situation in the Gaspé and Îles-de-la-Madeleine region. It is in addition to the Agency's regular activities and gives priority to the following elements:

- Enhancement of federal infrastructure
- Development of medium-sized enterprises
- Young people
- Local empowerment
- Emerging initiatives

## **Infrastructure Program**

Within the framework of the pan-Canadian Infrastructure Program under Treasury Board responsibility, a \$1.5 billion Canada-Quebec Agreement was signed in October 2000. The objective of this partnership agreement is to upgrade municipal, urban and rural infrastructure in Quebec as well as improving Quebecers' quality of life. The agreement provides for the Government of Canada to contribute one-third of the investment, with the other two-thirds to be funded by the Quebec government and different partners, notably the municipalities. Since this program is still in the implementation phase, it is too soon for its performance to be covered in this report.

## **Canada Small Business Financing Act (CSBFA)**

The objective of the Canada Small Business Financing program is to encourage participating lending institutions to increase the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises. Application of this Act, including all administrative arrangements and performance information, is the responsibility of the Department of Industry, but the costs of this program in Quebec are reported in the Agency accounts. This statute superseded the *Small Business Loans Act* (SBLA) in 1998.





## Volume of financial assistance activities

The following table shows the trends in the number of financial assistance files handled by the Agency under its main programs. Note that the Agency also handles non-financial files such as advisory and strategic services to business, liaison and advocacy projects, Observatory services, and economic leadership activities.

### Volume of financial assistance activities

Programs / Fiscal year	Number of files <sup>1</sup>				
	1998-1999	1999-2000	2000-2001		Total
New			Ongoing <sup>2</sup>		
IDEA-SME (including Coastal Quebec Fund (CQF) projects)	1,033	1,085	1,205	402	1,607
Community Futures Program (CFP) <sup>3</sup>	170	136	29	166	195
Regional Strategic Initiatives (RSI)	64	211	268	130	398
<b>Subtotal</b>	<b>1,267</b>	<b>1,432</b>	<b>1,502</b>	<b>698</b>	<b>2,200</b>
Program for Export Market Development (PEMD) <sup>4</sup>	102	109	66	-	66
<b>Total</b>	<b>1,369</b>	<b>1,541</b>	<b>1,568</b>	<b>698</b>	<b>2,266</b>

<sup>1</sup> Any financial file analysed, whether accepted or denied, on which a final decision was made in 2000-2001.

<sup>2</sup> Ongoing projects/files approved in previous fiscal years but still subject to administrative follow-up and performance monitoring.

<sup>3</sup> Any agreement signed with the following organizations: CFDCs, *Réseau des SADC* (Quebec CFDC network), BDCs, CEDCs. Signed agreements may be multi-year (this explains why there is some variation in the number of agreements per year) and may apply specifically to certain initiatives (e.g., Youth Strategy).

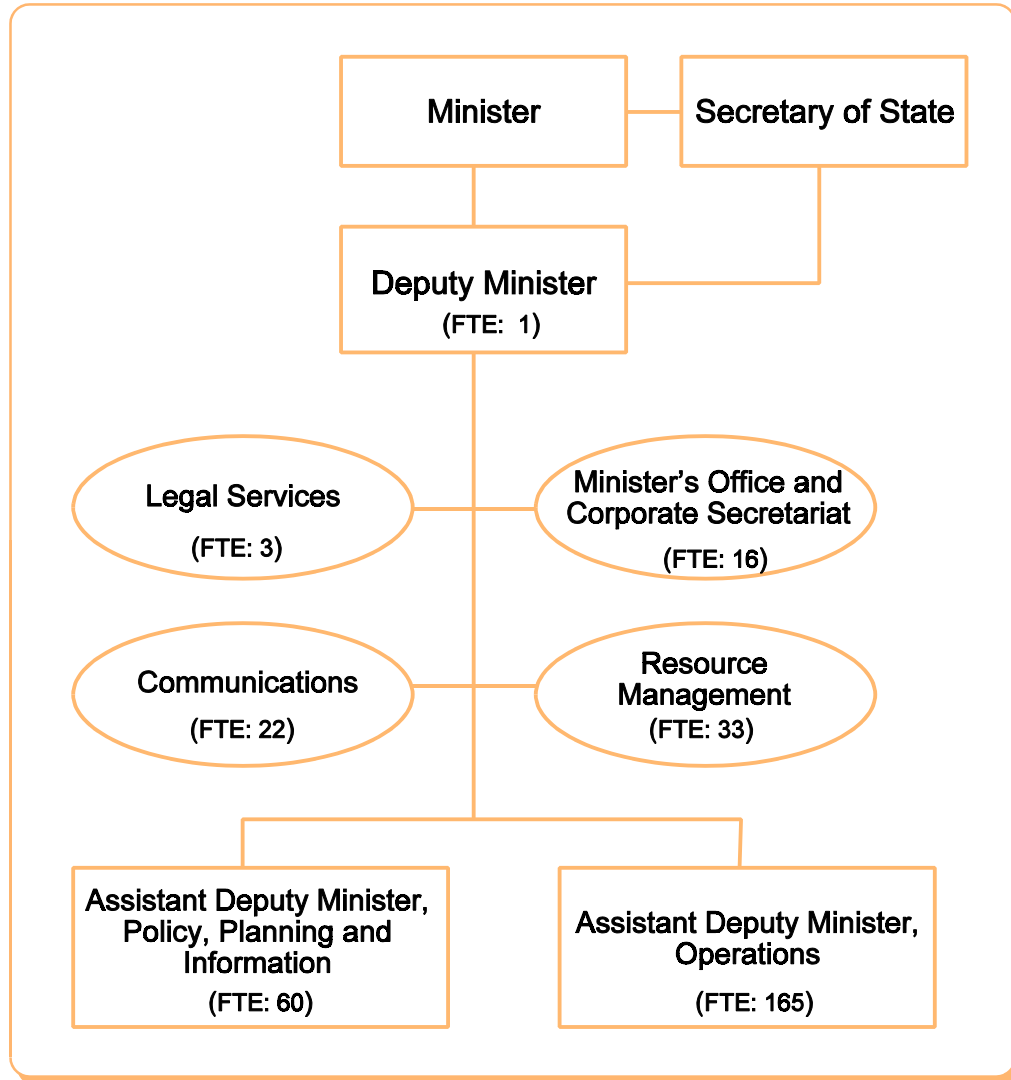
<sup>4</sup> The PEMD is delivered by the Agency in Quebec, but the Department of Foreign Affairs and International Trade (DFAIT) is responsible for the program budget and expenditures. Commitments made on the 2000-2001 budget in previous years seriously limited the approval of new projects for the current year.



## Organization chart

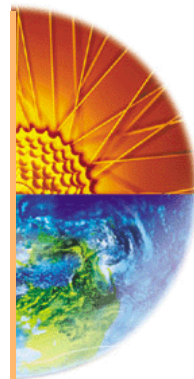
The Agency had 300 employees in 2000-2001, distributed according to the following structure.

### Organization chart of Canada Economic Development





# APPENDIX III FINANCIAL PERFORMANCE



## Financial summary tables

Canada Economic Development for Quebec Regions is required to produce the following financial tables for 2000-2001:

Financial Table 1	Summary of Voted Appropriations
Financial Table 2	Comparison of Total Planned to Actual Spending
Financial Table 3	Historical Comparison of Total Planned Spending to Actual Spending
Financial Table 4	Non-Respendable Revenue
Financial Table 5	Statutory Payments
Financial Tables 6 and 6a	Transfer Payments and Description of Funds Distribution by Program
Financial Table 7	Contingent Liabilities

The purpose of these financial tables is to show:

- The amounts of spending planned at the start of the year, which match those shown in the "Planned spending 2000-2001" column of Part III of the 2000-2001 Estimates.
- The total authorities figures, which include those in the Main and Supplementary Estimates and other authorities, and correspond to those shown in the Public Accounts for 2000-2001.
- The actual expenditures figures, which are consistent with those shown in the Public Accounts for 2000-2001.



**Financial Table 1      Summary of Voted Appropriations**  
 Financial requirements by authority

(in millions of dollars)

<b>Canada Economic development for Quebec Regions</b>		<b>2000-2001</b>		
		<b>Planned spending</b>	<b>Total authorities</b>	<b>Actual</b>
<b>Vote</b>				
55	Operating expenditures	30.3	33.6	<b>32.0</b>
60	Grants and contributions	174.3	167.2	<b>149.5</b>
(S)	Obligations under the <i>Small Business Loans Act</i>	58.0	43.5	<b>43.5</b>
(S)	Obligations under the <i>Canada Small Business Financing Act</i>	2.0	4.4	<b>4.4</b>
(S)	Contributions to employee benefit plans	3.2	3.7	<b>3.7</b>
(S)	Refund of amounts credited to revenues in previous years	-	0.08	<b>0.08</b>
(S)	Spending of proceeds from disposal of Crown assets	-	0.04	<b>0.04</b>
<b>Total for the Agency</b>		<b>267.8</b>	<b>252.5</b>	<b>233.2</b>

The \$1.7 million increase in actual expenditures over planned spending in the operating budget (representing 5% of actual operating expenditures) is explained on the one hand by the additional funds received to maintain Service Canada, to implement the Infrastructure Program and to offset the increased salary costs expected to arise from the renewal of certain collective agreements, and on the other hand by the transfer from the program budget to the operating budget owing to the opening of a new business office in Gaspé.

The \$24.8 million decrease in actual expenditures compared with planned spending in the grants and contributions budget is largely explained by an authorized deferral of funding from 2000-2001 to subsequent years to finance the Canadian Support Program for the Economy of Gaspé and Îles-de-la-Madeleine.

**Financial Table 2**

**Comparison of Total Planned to Actual Spending**  
Agency planned versus actual spending

(in millions of dollars)

	2000-2001		
<b>Promotion of the economic development of the regions of Quebec</b>	<b>Planned spending</b>	<b>Total authorities</b>	<b>Actual</b>
<b>FTE <sup>1</sup></b>	279	279	<b>300</b>
• Operations <sup>2</sup>	33.5	37.4	<b>35.8</b>
• Grants and contributions <sup>3</sup>	234.3	215.1	<b>197.4</b>
<b>Total gross expenditures</b>	<b>267.8</b>	<b>252.5</b>	<b>233.2</b>
<b>Less:</b>			
• Respendable revenues	-	-	-
<b>Total net expenditures</b>	<b>267.8</b>	<b>252.5</b>	<b>233.2</b>
<b>Other revenues and expenditures:</b>			
• Non-respendable revenues <sup>4</sup>	(49.5)	(49.5)	<b>(63.1)</b>
• Cost of services provided by other departments	3.0	3.0	<b>3.1</b>
<b>Net program cost</b>	<b>221.3</b>	<b>206.0</b>	<b>173.2</b>

<sup>1</sup> "Full-time equivalent" (FTE) numbers are expressed in units.

<sup>2</sup> Include contributions to employee benefit plans.

<sup>3</sup> Details of grants and contributions are shown in Table 6a.

<sup>4</sup> Details of non-respendable revenues are shown in Table 4.





**Financial Table 3**

**Historical Comparison of Total Planned Spending to Actual Spending**

(in millions of dollars)

**2000-2001**

	<b>Actual spending 1998-1999</b>	<b>Actual spending 1999-2000</b>	<b>Planned spending</b>	<b>Total authorities</b>	<b>Actual</b>
Promotion of the Economic Development of the Regions of Quebec	328.6	258.0	267.8	252.5	<b>233.2</b>
<b>Total</b>	<b>328.6</b>	<b>258.0</b>	<b>267.8</b>	<b>252.5</b>	<b>233.2</b>

The decline in actual expenditures over the past three years is primarily attributable to the gradual completion of projects under the Canada Infrastructure Works Agreement, the repeal of the *Small Business Loans Act* and the termination of the TERP and ERAP programs established following the 1996 summer floods and the January 1998 ice storm.

**Financial Table 4      Non-Respendable Revenue**

(in millions of dollars)

	<b>2000-2001</b>				
	<b>Actual spending 1998-1999</b>	<b>Actual spending 1999-2000</b>	<b>Planned revenues</b>	<b>Total authorities</b>	<b>Actual</b>
Promotion of the Economic Development of the Regions of Quebec	42.3	52.9	49.5	49.5	<b>63.1</b>
<b>Total non-respendable revenue</b>	<b>42.3</b>	<b>52.9</b>	<b>49.5</b>	<b>49.5</b>	<b>63.1</b>

Non-respendable revenue consists essentially of:

- service fees for loan guarantees, which represent the fees paid by borrowers approved under the *Small Business Loans Act (SBLA)*, the *Canada Small Business Financing Act (CSBFA)* and the Loan Insurance component of the *Atlantic Enterprise Program*; and
- repayment of repayable contributions provided by the Agency.

The \$13.6 million difference between planned spending and actual expenditures is largely explained by:

- of the repayable contributions, \$11 million were received earlier than expected; and
- \$2.2 million in additional service fees.





**Financial Table 5      Statutory Payments**

(in millions of dollars)

**2000-2001**

	<b>Actual spending 1998-1999</b>	<b>Actual spending 1999-2000</b>	<b>Planned spending</b>	<b>Total authorities</b>	<b>Actual</b>
Promotion of the Economic Development of the Regions of Quebec	106.6	78.5	63.2	51.7	<b>51.7</b>
<b>Total statutory payments</b>	<b>106.6</b>	<b>78.5</b>	<b>63.2</b>	<b>51.7</b>	<b>51.7</b>

Statutory payments consist essentially of obligations under the *Small Business Loans Act* and the *Canada Small Business Financing Act* as well as contributions to employee benefit plans.

The difference between planned spending and actual spending is attributable to obligations under the *Small Business Loans Act* since one financial institution reached its demand limit, thus limiting spending.



**Financial Table 6      Transfer Payments**

(in millions of dollars)

**2000-2001**

	<b>Actual spending 1998-1999</b>	<b>Actual spending 1999-2000</b>	<b>Planned spending</b>	<b>Total authorities</b>	<b>Actual</b>
Promotion of the Economic Development of the Regions of Quebec					
• Grants	5.2	0.3	0.3	8.3	<b>8.2</b>
• Contributions	288.3	223.1	234.0	206.8	<b>189.2</b>
<b>Total grants and contributions</b>	<b>293.5</b>	<b>223.4</b>	<b>234.3</b>	<b>215.1</b>	<b>197.4</b>

In 1998-1999, a \$5 million grant was made to the *Conseil québécois des entreprises adaptées* to set up a development fund to help member enterprises enhance and maintain their productivity with a view to being competitive.

In 2000-2001, two new grants were approved: a \$5 million grant was made to the Montreal Symphony Orchestra's endowment fund; and a \$3 million payment was made to the Quebec Port Authority for development of the cruise terminal and Pointe-à-Carcy.

The decline in actual spending on contributions over the past three years is primarily attributable to the gradual completion of projects under the Canada Infrastructure Works Agreement, the repeal of the *Small Business Loans Act* and the termination of the TERP and ERAP programs established following the 1996 summer floods and the January 1998 ice storm.





**Financial Table 6a Description of Funds Distribution by Program**

<b>Programs</b>	<b>Planned spending</b>	<b>Total authorities</b>	<b>Actual</b>
IDEA-SME Program	53.6	51.6	<b>51.2</b>
Regional Strategic Initiatives (RSI) Program	74.0	69.1	<b>51.8</b>
Infrastructure Works Program	17.5	10.0	<b>10.0</b>
Community Futures Program (CFP)	25.5	25.8	<b>25.8</b>
Coastal Quebec Fund (CQF)	3.7	2.7	<b>2.7</b>
Grant to Montreal Symphony Orchestra endowment fund	-	5.0	<b>5.0</b>
Grant to Quebec Port Authority	-	3.0	<b>3.0</b>
<i>Canada Small Business Financing Act (CSBFA)</i>	2.0	4.4	<b>4.4</b>
<i>Small Business Loans Act (SBLA)</i>	58.0	43.5	<b>43.5</b>
<b>Total</b>	<b>234.3</b>	<b>215.1</b>	<b>197.4</b>

The differences between planned spending and actual spending are due to a number of projects which were carried out later than planned and for which payment was deferred to the 2001-2002 fiscal year.

Actual expenditures under the RSI Program, at some \$51.8 million, were \$22.2 million below planned spending. This discrepancy is primarily attributable to an authorized deferral of funding from 2000-2001 to subsequent years to finance the Canadian Support Program for the Economy of Gaspé and Îles-de-la-Madeleine.

Planned spending under the Infrastructure Program (old programming) was based on financial projections provided by the Quebec Department of Municipal Affairs and Greater Montreal (MAMM), the project leader for the program. Since a number of projects were not completed within the planned deadlines, it was impossible to pay out all the amounts forecast, and the amounts not paid out were carried forward to subsequent years.

## Financial Table 7      Contingent Liabilities

(in millions of dollars)

List of Contingent Liabilities	Amount of Contingent Liability		
	As of March 31, 1999	As of March 31, 2000	Current as of March 31, 2001
<b>Loans</b>			
<i>Atlantic Enterprise Program</i> <sup>1</sup>	1.5	0.9	<b>0.8</b>
<i>Small Business Loans Act</i> <sup>2</sup>	388.7	299.8	<b>258.4</b>
<i>Canada Small Business Financing Act</i> <sup>2</sup>	-	88.2	<b>144.3</b>
<b>Total</b>	<b>390.2</b>	<b>388.9</b>	<b>403.5</b>

<sup>1</sup> Represents loan guarantees under the *Atlantic Enterprise Program*. Under this program, the Government of Canada guaranteed loans to establish, expand or modernize commercial business operations in Gaspésie, Îles-de-la-Madeleine and the Atlantic provinces. Pursuant to Order in Council P.C. 1991.1114 dated June 13, 1991, responsibility for loan guarantees within the Province of Quebec is assumed by Canada Economic Development.

<sup>2</sup> Represents loan guarantees under the *Small Business Loans Act*. This legislation, which was passed in January 1961, was designed to increase the availability of loans for the establishment, expansion, modernization and upgrading of small business enterprises. Pursuant to Order in Council P.C. 1991.1114 dated June 13, 1991, responsibility for loan guarantees within the Province of Quebec is assumed by Canada Economic Development. Although this statute has been repealed, it continues to apply to loans provided prior to April 1, 1999. The *Canada Small Business Financing Act*, which supersedes the *Small Business Loans Act*, applies only to loans provided after March 31, 1999.





# APPENDIX IV SUMMARY TABLE OF COMMITMENTS AND EXTENT OF THEIR ACHIEVEMENT



## Extent of achievement of 2000-2001 commitments

Legend:      ★ Target exceeded                      ▲ Progress made  
                  ● Target achieved                      □ Policy change or postponed

Information source: Performance monitoring

	Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
<b>3.2 Foster enterprise development</b>			
★ <b>3.2.1 Inform and raise awareness</b>			
★	Facilitate enterprises' access to business intelligence and information on Government of Canada programs and services intended for them.	★ Respond to 250,000 requests for information per year.	Response to 400,068 requests for information through various stakeholders, including <i>Info entrepreneurs</i> , <i>Ressources entreprises</i> , chambers of commerce, Aboriginal Info entrepreneurs, CFDCs, BDCs, <i>Groupement des chefs d'entreprise du Québec</i> , Conference/Info-Fairs and Agency advisers.
		★ 525 entrepreneurs informed about Government of Canada programs and services, over 3 years.	1,038 existing or future entrepreneurs informed, notably through Conference/Info-Fair workshops and through seminars on federal programs and tax credits in partnership with the Canada Customs and Revenue Agency.
★	Raise enterprises' awareness of new development challenges.	★ 300 new enterprises aware of exports each year.	585 enterprises aware at 10 or so seminars.
		★ 230 enterprises aware of innovation each year.	294 enterprises aware, notably through workshops at Conference/Info-Fairs.



Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
	★ 250 enterprises aware of electronic commerce each year.	9,670 enterprises aware of electronic commerce at various activities, including 40 conferences, seminars and information sessions, in conjunction with the Electronic Commerce Institute (4,405 people), an Electronic Affairs Forum with Industry Canada (200 participants), activities with the Canada Information Office (1,205 participants), and awareness and simulation sessions with Technologies Polydev Inc. (3,860 participants).
● <b>3.2.2 Foster the establishment of strategic enterprises</b>		
● Improve the preparedness of entrepreneurs for starting up an enterprise. Facilitate the startup and expansion of enterprises in strategic sectors.	● Some 140 business plans for technological startups, over 3 years.	70 business plans prepared through Agency financial support to 11 technology incubators in various regions of Quebec.
	▲ Pre-startup of some 15 multimedia enterprises each year.	10 pre-startups of multimedia enterprises, including 8 through <i>Alliance numériQC's</i> experimentation fund and 2 through <i>Émergence Entrepreneur</i> in Quebec City.
	★ Startup or expansion of some 100 new technological enterprises, over 3 years.	94 startups or expansions of technological enterprises, including 76 enterprises incubated in 2000-2001 in the 11 technology incubators, 17 from Inno-centre and the Technoregion Fund and 1 project to establish a facility in the high-end textile sector generating 500 jobs in all.
★ Foster the development of international networks for enterprises in strategic sectors.	★ Some 1,200 Quebec enterprises participating in events giving them the opportunity to develop their networks with 600 foreign enterprises, over 3 years.	1,298 Quebec enterprises took part in events giving them the opportunity to develop their business networks, including <i>FuturAllia</i> (717 participants), <i>Estric Internationale</i> (102), <i>Salon de la sous-traitance</i> (90) and <i>Réseau 2000</i> (746).

Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
★ 3.2.3 Foster SMEs' enhanced competitiveness centred on growth and foreign markets		
★ Enhancement of enterprises' strategies and plans	★ 50 enterprises provided with improved strategies and action plans each year.	420 enterprises provided with improved strategies and action plans, including 30 strategic mandates by the <i>Centre de promotion du logiciel québécois</i> and 300 PDG comparative diagnoses.
● Development of innovation capacity.  Enhancement of productivity.	★ Some 100 projects to develop new products, services or processes, through the application of technology and design, over 3 years.	162 projects to develop new products, services or processes, through the application of technology and design.
	★ Some 600 SMEs raising their level of knowledge and enhancing their competencies, over 3 years.	1,219 SMEs raised their level of knowledge and enhanced their competencies; 790 requests for technological information answered by the CTN, 290 deliveries of applied technology information and advice by ValoTech, 45 researcher-SME matches made, and hiring of specialized personnel by 94 SMEs through the <i>Ordre des ingénieurs</i> and an initiative in the Côte-Nord and Bas-Saint-Laurent regions.
	□ Annual completion of some 20 diagnoses concerning technology and productivity in SMEs.	Activity deferred.
	● Enhancement of competencies of some 60 manufacturers in environmental management, over 2 years.	2 Enviroclubs bringing together 24 enterprises in a practical learning process (presented in the section on sustainable development).
● Development of marketing capability.	● Some 2,300 SME projects, over 3 years, targeting acquisition of export skills, and development of new outlets on foreign markets.	5,735 SMEs reached through various export and marketing initiatives, including 1,886 SMEs at 48 awareness activities, 1,608 SMEs participating in 95 specialized workshops, 641 SMEs receiving assistance in the form of information search, diagnoses or establishment of export strategies, 586 receiving market penetration assistance through 58 trade missions, 285 SMEs benefiting from individualized assistance, 174 SMEs from 8 NEXPRO workshops and 56 SMEs from personalized accompaniment on missions.







	Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
	<ul style="list-style-type: none"> <li>Promote entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Some 1,000 young students supervised in their projects to undertake careers in the business world, over 3 years.</li> <li>★ 100,000 listeners a week stimulated to adopt entrepreneurial behaviour.</li> <li>Several thousand business people motivated to expand their enterprises.</li> </ul>	<p>1,040 young students supervised in their enterprise projects; support to 60 student entrepreneur clubs and 6 university entrepreneurship centres, and support for holding a provincial competition targeting young people.</p> <p>190,000 listeners per week to the SME-oriented "Circuit PME" TV series.</p> <p>11,800 participants in events (e.g., galas).</p>
	<ul style="list-style-type: none"> <li>Contribute to development of stakeholders' competencies</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholders trained in economic leadership at local and regional level, each year.</li> </ul>	<p>Support for organizations which develop and deliver training workshops in economic leadership at the local and regional level (e.g., <i>Corporation du nouveau travail</i>).</p>
	<ul style="list-style-type: none"> <li>Foster development of international networks for local and regional development agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Quebec agencies developing their networks each year with similar organizations from outside the province.</li> </ul>	<p>Support for local and regional development agencies for exchanging information on local and regional development best practices with similar organizations (e.g., establishment of a sustainable city-network in the Eastern Townships, pan-Canadian conference of CFDCs, cyber-rural network).</p>
	<ul style="list-style-type: none"> <li>Contribute to providing local and regional communities with mobilization and leadership tools.</li> </ul>	<ul style="list-style-type: none"> <li>Mobilization and leadership activities in 54 Quebec communities.</li> </ul>	<p>Support for local mobilization and leadership activities through CFDCs and Agency activities, e.g., following a study on the phenomenon of the exodus of young people from Quebec's North Shore, an inter-government committee on labour force erosion was set up; conference on caribou herd management; regional events and implementation of an economic development tool in Rouyn-Noranda, <i>Club défi</i>.</p>
	<ul style="list-style-type: none"> <li>Facilitate international promotion vis-à-vis foreign investors, buyers and tourists.</li> </ul>	<ul style="list-style-type: none"> <li>Foreign enterprises made aware of the benefits of investing in the regions of Quebec.</li> <li>Increase in the number of foreign tourists in various tourism regions of Quebec.</li> </ul>	<p>Financial support from the Agency to <i>Montréal International</i>, which took part in 77 projects that will generate \$900 million in investment and 4,810 jobs.</p> <p>Financial support from the Agency for international promotion of festivals and support for tourism promotion campaigns abroad. A sampling of 9 tourism events attracted 4.5 million festival-goers during the year, generated some \$142 million in economic spinoffs and created close to 5,000 jobs (mostly temporary).</p>





Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
<ul style="list-style-type: none"> <li>● Advocate regional interests vis-à-vis the Government of Canada.</li> </ul>	<ul style="list-style-type: none"> <li>● Raising awareness of government decision-makers as the problem of telecommunications infrastructure in rural and remote regions.</li> </ul>	<p>Analysis of issues and conveying of conclusions to decision-makers within the Government of Canada.</p>
	<ul style="list-style-type: none"> <li>● Business opportunities for Quebec enterprises in major government projects.</li> </ul>	<p>Financial support for a number of organizations aiming to facilitate watch activities on public contracts: <i>Antenne</i>, <i>Stratégie contact</i>, <i>Branché en Affaires</i>, which helped SMEs obtain contracts worth \$39 million in 2000-2001.</p>
<ul style="list-style-type: none"> <li>● Facilitate local participation in the development of national policy.</li> </ul>	<ul style="list-style-type: none"> <li>● Regional and local population in a position to influence, in an informed manner, the orientations and priorities of the Agency and its partners.</li> </ul>	<p>Communication activities informing the public about the Agency's orientations, plans and activities and impact of its action in each region (399 press releases, addresses and Ministerial messages).</p> <p>Opening of an office in Gaspé to serve clientele in the Gaspé and Îles-de-la-Madeleine.</p>
	<ul style="list-style-type: none"> <li>● Regional and local population in a position to convey their views to federal Ministers concerning their communities' and regions' development priorities.</li> </ul>	<p>Support for the organization of meetings between local and regional economic development players and Government of Canada Ministers in conjunction with the Canada Information Office (75 meetings).</p>
<ul style="list-style-type: none"> <li>● <b>3.3.2 Foster the economic enhancement of regional assets</b></li> </ul>		
<ul style="list-style-type: none"> <li>● Regional assets.</li> </ul>	<ul style="list-style-type: none"> <li>● Investment of \$1.5 billion by various economic development players in Montreal's international district, <i>Quartier international de Montréal</i> (QIM), over 5 years.</li> </ul>	<p>Financial support for, among other things, development of the QIM (more than \$161 million invested in 2001, and more than \$650 million by 2002).</p> <p>Several other initiatives were also funded by the Agency, including the Lachine Canal (from 1998 to 2001, private residential and commercial investment associated with development of the Canal totalled \$115 million).</p>
<ul style="list-style-type: none"> <li>▲ <b>3.3.3 Encourage the development and reinforcement of knowledge-based competitive advantages</b></li> </ul>		
<ul style="list-style-type: none"> <li>● Support development of knowledge infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>▲ Some 10 nominations of projects for research centres or technology transfer.</li> </ul>	<p>Financial support for preparation of feasibility studies for seven projects submitted to the Canada Foundation for Innovation (two of the projects selected by the CFI generated investment of \$116 million).</p>

	Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
		▲ Increase of some \$500,000 a year in sales of expertise made by regional educational institutions on international markets.	The Agency funded four initiatives in this niche this year, two from the Montérégie, one from the Saguenay and another from Bas-Saint-Laurent. The latter involved establishment of a specialized services centre in the wood processing sector. The Agency's financial support for this project led to total sales of some \$110,000 and the creation of nine jobs.
		● Conducting of a research program in the photonics sector.	Financial support for the <i>Institut national d'optique</i> (INO), located in Sainte-Foy, in the Greater Quebec City area, for implementation of a research program and expansion of specialized facilities. The research program generated 183 jobs and \$10.5 million in sales of expertise.
		● Establishment of the Software Test Centre.	Financial support to the <i>Centre de recherche en informatique de Montréal</i> (CRIM), where 17 software tests were performed in 2000-2001.
		● Establishment of the <i>Centre de développement rapide de produits et de procédés</i> (Centre for rapid product and process development).	This year, the Agency consolidated this initiative. This centre conducted awareness and technology transfer activities, research work, and advocacy at 10 or so events attended by 740 people.
		● Seven research applications on the boreal forest, over 5 years, in the Saguenay—Lac-Saint-Jean region.	Financial support to the <i>Consortium de recherche sur la forêt boréale commerciale</i> . Several research applications were perfected this year, including the identification of species for industrial chips by means of an electronic nose (Cyranose) as well as several publications, including popularization papers and the submission of two briefs on revision of the provincial Forestry Plan ( <i>régime forestier</i> ).
	□ Support development of electronic commerce.	□ In one year, increase of some 80 (tripling) in the number of SMEs marketing their products or services through electronic commerce.	An awareness campaign reached 335 SMEs, while 194 were reached through empowerment activities and 171 were individually accompanied in their electronic commerce approaches. Also, a network of regional experts was set up, and 17 regional projects were identified.
		▲ Investment by various economic development players of \$120 million in electronic commerce in one year.	Financial support for projects selected through requests for proposals: eight projects under way for an investment of \$1.05 million in 2000-2001 generating some \$2.3 million in local investment.





Strategic results	Commitments made in 2000-2001 RPP	Performance obtained
	<input type="checkbox"/> Approximately 2,000 people improving their knowledge of and skills in electronic commerce in one year.	<p>The initial Electronic Commerce Strategy provided for establishment of a Centre of Excellence in electronic commerce linking the universities and the private sector. The Centre was not established. The Agency has refocussed its electronic commerce activities.</p> <p>Support for research work conducted by the academic sector and economic development organizations, such as <i>École des Hautes Études Commerciales</i>, <i>Centre francophone d'informatisation des organisations</i>, Technologies Polydev Inc. and the Electronic Commerce Institute.</p>

# APPENDIX V RESOURCE-PERSON AND STATUTES ADMINISTERED



## Resource-person for further information:

### Jean Pierre Lavoie

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## Statutes administered

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**The Minister has sole responsibility to Parliament for administering the following statutes:**

*Department of Industry Act* (S.C. 1995, C. 1)

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**The Minister shares responsibility to Parliament for administering the following statutes:**

*Small Business Loans Act* (S.C., 1993, C. 6)

*Canada Small Business Financing Act* (S.C., 1998, C. 36)