



Atlantic Canada Opportunities Agency

Performance Report

For the period ending
March 31, 1998

Canada

Improved Reporting to Parliament Pilot Document

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*.

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 80 Departmental Performance Reports and the government's "*Managing For Results*" report.

This ***Departmental Performance Report***, covering the period ending March 31, 1998, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Part III of the Main Estimates* or pilot *Report on Plans and Priorities* for 1997-98. The key result commitments for all departments and agencies are also included in *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

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Atlantic Canada Opportunities Agency



Performance Report

**For the
period ending
March 31, 1998**

Minister of Industry

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EXECUTIVE SUMMARY

In 1997-98, ACOA marked its eleventh year of working in cooperation with Atlantic Canadians to increase economic development opportunities for the region. The Agency continued to work to enhance the competitiveness of small- and medium-sized enterprises (SMEs) in key economic priority areas and to develop an environment conducive to business development. The Agency's work has also contributed towards government-wide goals as outlined in the 1997 "Speech From the Throne".

In 1997-98, the Agency employed a wide variety of programs that included both direct and indirect support to SMEs. Indirect support accounted for about 60% of the Agency's expenditures and comprised a wide range of activities including, for example, the provision of information and business counselling for SMEs, partnerships with the provinces to develop strategic infrastructure in key sectors such as the knowledge-based economy, providing information and promotion opportunities for SMEs interested in developing export markets, and working with communities, especially those in rural areas, to develop tools to enhance sustainable economic development.

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

ACOA's capacity to accelerate growth in the overall Atlantic economy has to be seen in the context of the relatively small size of the Agency's budget (in 1997, ACOA expenditures represented less than 1% of Atlantic income as measured by GDP), and economic challenges including, for example, the groundfish industry collapse, a narrow manufacturing base, slow growth in traditional resource sectors following the early 1990's recession, and continued low population growth due to out-migration.

Businesses which have accessed ACOA programs have had a solid rate of performance. From 1989 to 1995, earned income for ACOA clients has increased by 28%, compared to 12% for Atlantic firms generally. In addition, Agency programs were projected to create or maintain 14,000 jobs in the 1997-98 period. Based on external evaluations and surveys, it is estimated that the region's unemployment rate in 1997 was 2.8 percentage

points lower than it would have been without the impact of ACOA programming. These results illustrate some of the ways in which the Agency's work contributes to the Government's major objective of stimulating job creation and economic growth.

ACOA had three broad goals in 1997-98. First, the Agency worked to provide greater economic activity in the Atlantic Region, generating jobs and increasing earned income. To facilitate this goal, the Agency provided financial assistance to 1,064 businesses, worked in cooperation with provincial governments to support key economic development sectors, encouraged development of knowledge-based industries, and marketed the region as a tourism destination in efforts that resulted in \$16 million dollars of new spending.

Second, the Agency sought to promote skills development and improved management practices for Atlantic small- and medium-sized enterprises. Among the Agency's accomplishments in this area were the certification of small business counsellors, partnerships with the region's departments of education to offer entrepreneurship programming in public schools, loans to 416 young people to start or expand their businesses, and export promotion activities that have resulted in 90 new exporting SMEs. In working with young people and helping SMEs develop export markets, ACOA is supporting government-wide goals as established in the 1997 "Speech From the Throne." Furthermore, the Agency's entrepreneurship training programs with Atlantic Canadian Aboriginals support the government-wide priority of "Expanding Opportunities in Aboriginal Communities".

Third, the Agency aimed to promote economic opportunities in rural areas through community-based economic development. This focus on meeting rural economic development needs contributes towards the government-wide priority "...to increasing opportunity for Canadians in rural communities." To meet this goal, the Agency worked in partnership with the Community Business Development Corporations. Loans by these corporations to the region's SMEs totalled \$38.3 million and resulted in the creation or maintenance of 3,100 jobs in 1997-98. To ensure the wide disbursement of information, the Agency supported the four provincial Canada Business Service Centres which dealt with 81,406 enquiries. The Agency also worked with communities affected by the decline of the fishery to create long-term, sustainable alternatives, and provided transition support to communities affected by unique circumstances such as base closures and the termination of ferry service between Borden, Prince Edward Island, and Cape Tormentine, New Brunswick.

KEY RESULTS COMMITMENTS

to provide Canadians with:	to be demonstrated by:	where to find it in 1998 ACOA Performance Report: <i>www.acoa.ca</i>
greater economic activity in the Atlantic region, generating jobs and increasing earned income	<ul style="list-style-type: none"> • a co-ordinated federal-provincial economic development approach in priority areas resulting in sustainable job growth • international and domestic research and private sector partnerships that contribute to the commercialization and diffusion of technology • employment and new business start-ups as a result of access to capital for small- and medium-sized enterprises in Atlantic Canada • access to major contracts for Atlantic firms • tourism revenues and new tourism products developed for the region 	<ul style="list-style-type: none"> • Section III, 4.A., i page 22 • Section III, 4.A., ii page 23 • Section III, 4.A., iii page 24 • Section III, 4.A., v page 26 • Section III, 4.A., vi page 27
skills development and improved management practices of Atlantic small- and medium-sized enterprises	<ul style="list-style-type: none"> • improved SME business management practices • the number of new exporters and participants in export readiness training • entrepreneurship courses at each level of the school system in partnership with provincial departments of education • participation in programs addressing the special entrepreneurship needs of groups such as Aboriginals and youth 	<ul style="list-style-type: none"> • Section III, 4.B., i & ii pages 29 & 30 • Section III, 4.B., iii page 31 • Section III, 4.B., iv page 33 • Section III, 4.B., v, vi, & vii pages 33, 34 & 35
economic opportunities through community-based economic development with emphasis in rural areas	<ul style="list-style-type: none"> • the number of loans and resultant jobs created and maintained in rural areas as a result of SME counselling and financing services by Community Business Development Corporations • expanded access to government business services (financing, counselling and information) • communities' self-development and alternate employment in areas affected by the closure of the Atlantic groundfish fishery 	<ul style="list-style-type: none"> • Section III, 4.C., i page 37 • Section III, 4.C., ii page 38 • Section III, 4.C., iii page 39

SECTION I: MESSAGES

Minister's Message

Canada is well positioned to be a leader in the new emerging global knowledge-based economy. Our government is working with the private sector to address the challenges in making the transition to this economy. By focussing on the challenges of a competitive 21st century economy, we can turn Canada's potential into reality and create jobs and wealth for our citizens. The Industry Portfolio, bringing together 13 departments and agencies with complementary goals and objectives, plays an important role in helping Canadians achieve this vision.

In 1997-98, the Industry Portfolio focussed on three areas of activity - each crucial for our economic success - now and into the next century:

- ☐ promoting innovation through science and technology;
- ☐ assisting businesses to grow by providing information, advice and financing support; and
- ☐ ensuring a fair, efficient and competitive market place.

The Portfolio members' Performance Reports collectively illustrate how the Portfolio is making a contribution toward the realization of these objectives.

The 13 Industry Portfolio members are ...

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

**Not required to submit Performance Reports*

I am pleased to present the *Performance Report* for the Atlantic Canada Opportunities Agency (ACOA) for the fiscal year ending March 31, 1998. In the *1997-98 Estimates Part III*, ACOA articulated its strategic objectives and described how its plans for the fiscal year would contribute to their realization. This report sets out ACOA's accomplishments against those plans and shows the contribution ACOA is making to Portfolio and government-wide objectives.

The Honourable John Manley

Secretary of State's Message

It is one of the guiding principles of the current government that strong regional economies are the building blocks of a strong national economy.

Over the past 11 years, the Atlantic Canada Opportunities Agency (ACOA) has designed and implemented a broad array of programs and services that have had a demonstrable impact on the economy of the Atlantic region. The Agency's two-pronged approach addresses both the underlying economic conditions of the region and the specific needs of small- and medium-sized businesses.

On the one hand, ACOA attempts to ensure that economic development programs and activities in the region are coordinated and designed to improve the climate for small business growth for all Atlantic Canadians. On the other, the Agency ensures that a wide variety of business development tools and resources are available to help more small businesses start up, survive, prosper and create good, long-lasting jobs.

This kind of strategic investment in the people and businesses of Atlantic Canada is not a "quick fix" for the region, but it is paying off—in increases in employment and earned incomes.

This report is part of a comprehensive process of assessing ACOA's impact. It illustrates how ACOA itself has worked in partnership with the region to achieve significant results in the strategically important areas of entrepreneurship development, trade, innovation and technology, business management practices, and access to capital and information.

It shows how the Agency has collaborated with the people of Atlantic Canada to develop promising industries, such as tourism. It demonstrates ACOA's commitment to connecting Atlantic Canadians, particularly in small, rural communities, to the business development resources they need to survive and thrive both at home and in international markets.

ACOA will continue its work to help Atlantic Canadians build a better, stronger future.

The Honourable Fred J. Mifflin, P.C., M.P.
Secretary of State,
Atlantic Canada Opportunities Agency

SECTION II: DEPARTMENTAL OVERVIEW

1

Mandate and Mission

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

ACOA Mandate



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

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

2

Operating Environment

a) Position within the Government

Since early 1996, ACOA has operated within the Industry Portfolio, which includes 13 departments and agencies that report to Parliament through the Minister of Industry. The Portfolio's mandate, mission, objectives, priorities and services reflect the federal government's national *Jobs and Growth Agenda* to enhance:

- small- and medium-sized business (SME) development;
- trade and foreign investment;
- technology and innovation; and,
- employment opportunities for young people.

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

ACOA's work in 1997-98 contributed to progress in many of the government-wide priorities outlined in the September, 1997 "Speech from the Throne". To implement its *Jobs and Growth Agenda* the Government prioritized work with youth, rural Canadians, SMEs, and Aboriginal communities as well as work in trade and the knowledge-based economy. This report illustrates some of the Agency's achievements in these priority areas.

b) Co-delivery Partners

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

Because regional economic development is a long-term, complex, multi-dimensional undertaking, the solution involves a wide variety of stakeholders. Almost all of ACOA's work involves working in partnerships.

c) Development Approach

To meet its mandate the Agency pursues two distinct activities:

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

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

Because of their relatively small size, SMEs can lack some of the internal resources necessary to compete and grow. ACOA works in cooperation with SMEs and other partners to provide resources such as: information and tools for developing export markets; linkages with universities to enhance research and development; and, programs tailored to the unique needs of rural SMEs to ensure that they are able to take advantage of business opportunities. Ensuring the health and expansion of SMEs is critical for the creation and maintenance of jobs in the region.

d) Strategic Priorities:

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

ACOA Strategic Priorities

- Access to Capital and Information
- Business Management Practices
- Entrepreneurship Development
- Innovation and Technology
- Tourism
- Trade

e) Service Lines:

ACOA links its strategic priorities to its clients through programs or service lines which are grouped as core and non-core activities. Core activities constitute the Agency's main responsibilities and development programs. Non-core activities are programs the Agency delivers for the federal government.

Core Activities

Business Development Program (BDP): The BDP is designed to help SMEs establish, expand or modernize by offering access to capital in the form of interest-free, unsecured loans. It also supports non-profit organizations providing services to Atlantic businesses.

Canada Business Service Centres (CBSCs): CBSCs, located in all four Atlantic provinces, provide business-related services and information products to SMEs and aspiring entrepreneurs through a 1-800 telephone service, Internet communications, fax, and walk-in services.

Community-Based Economic Development (CBED): CBED is grass-roots action by members of a community to improve their economic conditions. Government can help by making its own resources more accessible and by forging links and partnerships among private and public stakeholders.

COOPERATION Program: COOPERATION Agreements are comprehensive, federal-provincial, cost-shared initiatives designed to improve the environment for economic growth. The Program focuses on strategic investments benefitting an industry, a sector, a community or a province.

Policy, Advocacy and Coordination: ACOA's advocacy of Atlantic Canadian interests is supported by a targeted program of economic and socio-economic policy research. The advocacy function is also advanced by ACOA's active role in the Ottawa-based federal procurement process. In this capacity, ACOA aims to bring more government contracts and industrial benefits to the Atlantic region. The policy and advocacy activities, in turn, serve to reinforce the Agency's efforts to bring a coordinated approach to economic development in the region.

Non-Core Activities

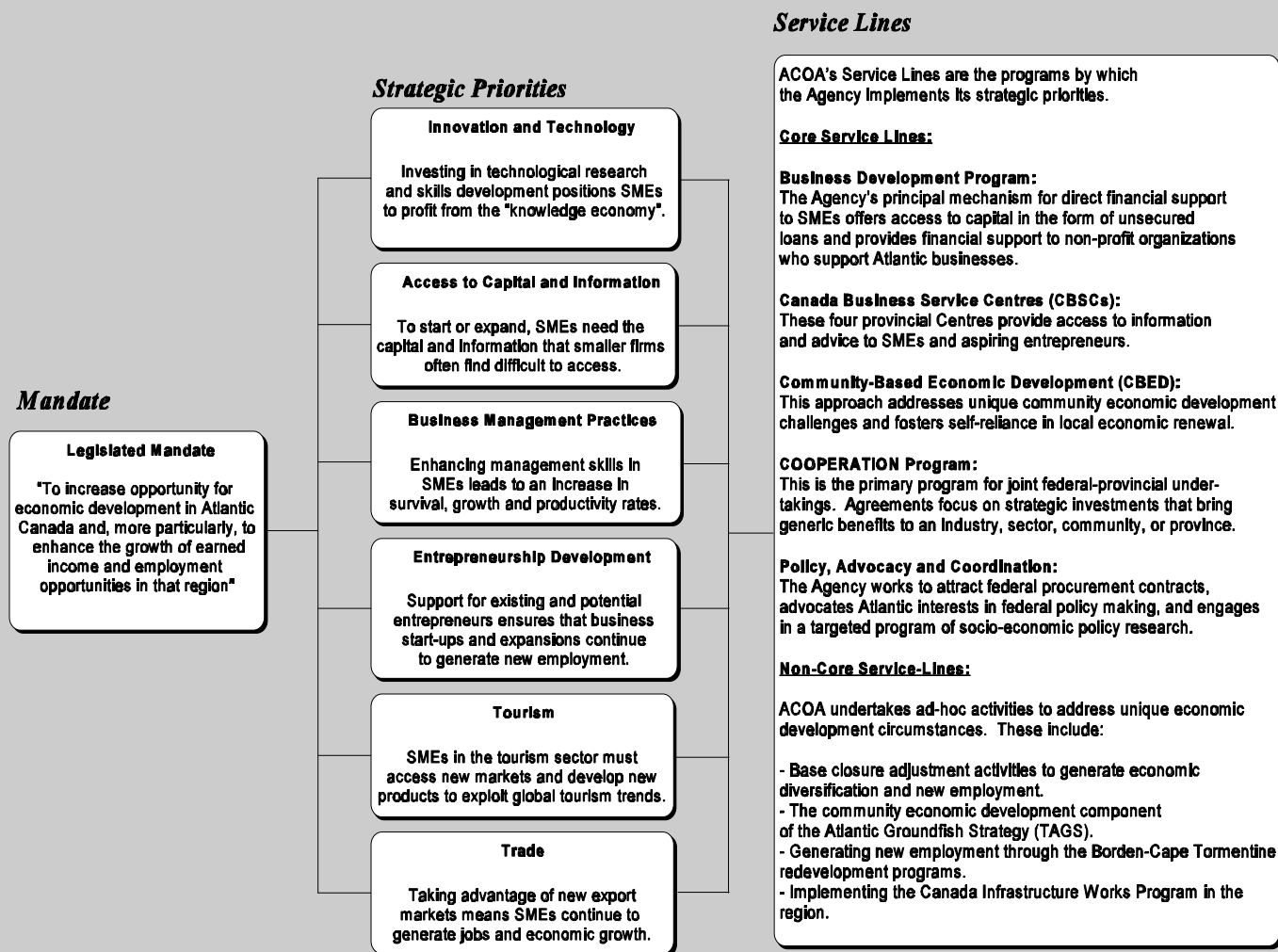
Taking advantage of its established network and knowledge of the Atlantic region, ACOA delivers development initiatives for the federal government which contribute to the general economic health of the region. These initiatives include:

- Assisting communities in developing alternative employment opportunities in response to the downturn in the Atlantic groundfish industry.
- Base closure adjustment activities, generating economic diversification and new employment opportunities.

- Borden-Cape Tormentine redevelopment programs, generating new employment opportunities during the transition from ferry service to the new fixed link between New Brunswick and Prince Edward Island.
- Canada Infrastructure Works Program (CIWP), helping municipalities upgrade local infrastructure and facilitating rapid job creation to accelerate the economic recovery. Subsidiary objectives of the Program include environmental improvement, fostering of technological change, skills upgrading and development of innovative methods of infrastructure provision.

Figure 1 illustrates the relationship between ACOA's mandate, the six strategic priorities and the Agency's service lines.

Figure 1: Relationship between Mandate, Strategic Priorities, and Service Lines



Activity Structure

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

Development:

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

Corporate Administration:

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

Organization Structure

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

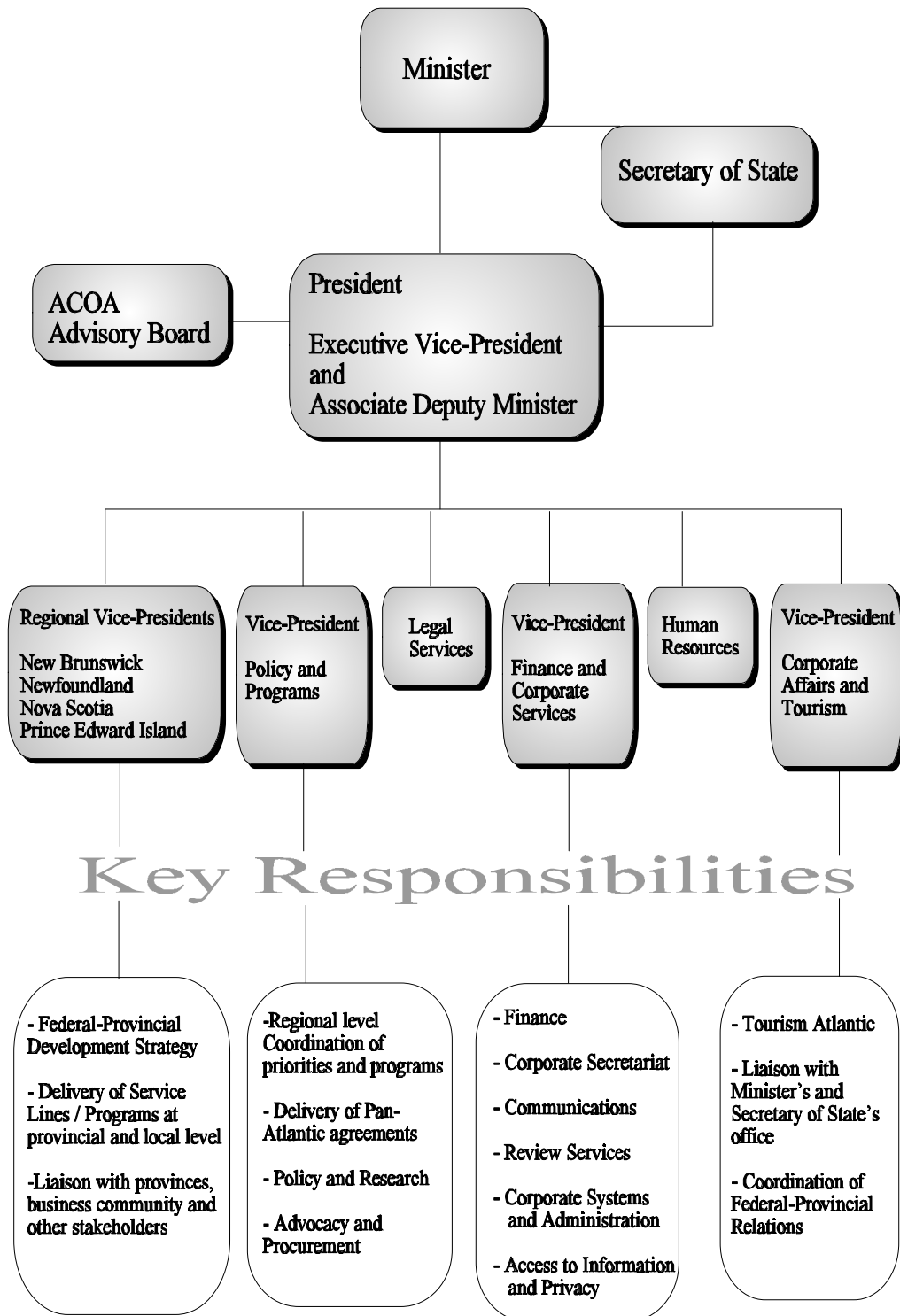
In each capital of the Atlantic provinces, regional Vice-Presidents are responsible for the delivery of ACOA programs. In Sydney Nova Scotia, the Vice-President of Enterprise Cape Breton Corporation (ECBC) is responsible for delivering most of ACOA's programs in Cape Breton. Each Vice-President is equipped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

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

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

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

Figure 2 - Relationship of Organization to Business Lines



SECTION III: DEPARTMENTAL PERFORMANCE

1

Summary of Performance Expectations

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

2

Financial Information

Atlantic Canada Opportunities Agency, 1997-98

(millions of dollars)

	Development <u>Business Line</u>	Corporate Admin. <u>Business Line</u>	Total <u>Agency</u>
Planned Spending	298.3	10.6	
<i>Total Authorities</i>	<i>322.1</i>	<i>12.3</i>	
1997-98 Actuals	314.6	11.3	325.9

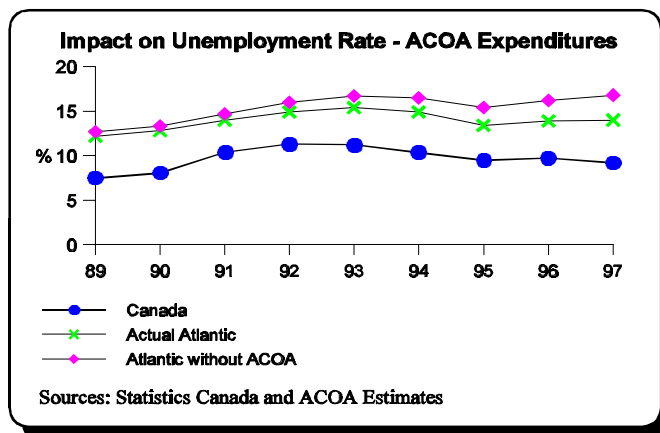
More detailed financial information is presented in Section IV.

3

Departmental Accomplishments

Achievements in Economic Development

ACOA's legislation requires that a Report on accomplishments be presented to Parliament every five years. The second quinquennial report, which covers the period of April 1993 to March 1998, documents in more depth the accomplishments of the last five years and illustrates the large variety and type of activities in which the Agency is involved. ACOA employed external evaluators to measure the impact of Agency programming for the Five-Year Report.¹ Among the findings was that because of the work of ACOA and its partners in development, the unemployment rate in 1997 was 2.8



¹Statistics Canada. Survey of Small- and Medium-Sized Businesses in Atlantic Canada, 1995 & 1997; ARC Consultants Inc. The Impact of the ACOA Cooperation Program on the Atlantic Economy, June 1998.

percentage points lower than it would have been without the impact of ACOA programming.

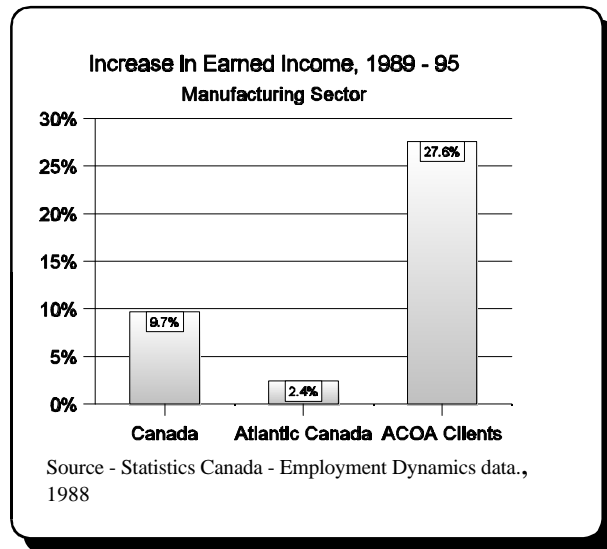
When assessing ACOA's overall economic impact, two major factors have to be considered. The first is that ACOA is well aware that by itself it cannot meet the economic development aspirations of Atlantic Canada and certainly not in a short period of time. ACOA is a relatively small player as its budget in 1996 (latest complete data available) represented only 1.5% of the federal expenditures in the Atlantic region and less than 1% of Atlantic GDP. ACOA broadens its ability to facilitate development by bringing its development partners together so that the joined forces of all players result in a larger impact than would have taken place if the Agency was working by itself. In addition, much of the work and investment done by the Agency aims to achieve long-term change in the economic structure of the region. To do this, the Agency redirects a portion of its funding to local development corporations and community organizations to build local economic development infrastructure. While this approach may yield slower initial employment gains, it works to empower communities and thereby helps lead to long-term economic stability and self-sustainability. As is shown in Figure 3, about two-thirds of the Agency's investments support the longer term approach while still keeping a fair portion of its efforts in helping small- and medium-sized businesses through unsecured, interest-free, loans.

A second consideration is that the Atlantic economy is still struggling and has not yet experienced the economic resurgence experienced elsewhere in Canada. The recovery from the early 1990 recession has been much slower and real GDP growth in the region averaged 1.4% over the 1993 to 1997 period, compared to 2.8% for Canada. The region has not fully recovered from the collapse of the groundfish industry and the slow growth of the other traditional resource sectors following the recession. The region, with a large rural population, is also experiencing slow population growth due to increased out-migration, particularly among its youth. Furthermore, the need to bring public sector deficits under control resulted in reduced government expenditures in the region and thus reduced regional "buying power".

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

Impact on Earned Income

Based on Statistics Canada Employment Dynamics data, between 1989 and 1995 (the most recent data available) for all sectors, the payroll (a good measure of earned income) for all industries increased by 12% in the Atlantic economy, compared to an increase of 28% for ACOA clients. In the manufacturing sector the gap between ACOA clients and Atlantic businesses generally is even greater. Furthermore, based on a Statistics Canada survey of ACOA commercial clients, only 5% of the businesses would have proceeded with their planned investment without ACOA support.²



Overall Employment Impact for 1997-98

For fiscal year 1997-98, ACOA programming was forecasted to create or maintain 14,000 jobs.

Using Statistics Canada findings and applying them to fiscal year 1997/98 ACOA projects leads to the conclusion that this forecast was exceeded.³

Stimulating job creation and economic growth has been, remains, and will continue to be a major objective of the Government of Canada.

“Speech from the Throne to Open the First Session of the Thirty-Sixth Parliament of Canada”, Sept. 23, 1997

Achievements in Client Service

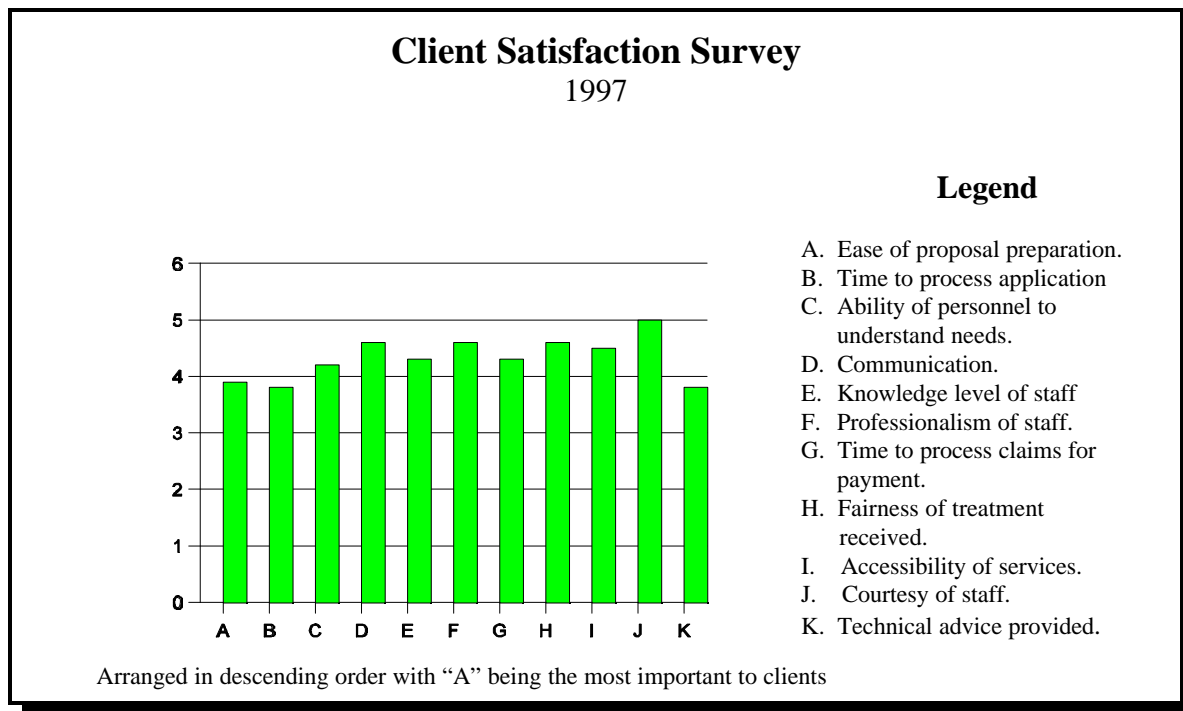
As part of its 1997 client survey conducted by Statistics Canada, commercial clients provided feedback on their level of satisfaction with Agency services. The chart below

²Statistics Canada - Survey of Small- and Medium-Sized Businesses in Atlantic Canada, 1997.

³Ibid.

rates ACOA's performance in client service on a scale of one-to-six, where one is not satisfactory and six is very satisfactory.

The survey also measured what services were most important to clients.



Commercial clients were asked what types of services they would need over the next five years. Access to capital was identified by 62.3% of respondents as a need. Other needs identified by commercial clients were: trade information and marketing support (43.7%); better training opportunities (24.9%); technical assistance (23.3%); access to business counselling (15.3%); and, other types of information (10.9%).

ACOA uses information on client needs and level of satisfaction with service to refine programs and their delivery.

Achievements in Application of Section 41 of the Official Languages Act

In 1997-98, ACOA has been active in pursuing its two-year Action Plan on Section 41 of the *Official Languages Act*. For its efforts, the Commissioner of Official Languages acknowledged the Agency Head Office in Moncton, along with the ACOA New Brunswick office by placing the name of the Agency on the Merit List for development of the Francophone community. Examples of ACOA's efforts include: its membership in the National Committee for Canadian Francophonie Human Resources Development; its

funding of the entrepreneurship related television series *Temps d’Affaires*, for the fourth year; its support and participation at the Second Forum of Francophone Business People in Canada, held in Winnipeg; and, its sponsorship of the Francophone Roundtable on Economic Development in Atlantic Canada Rural and Coastal Regions that was held in partnership with *Le Conseil économique du Nouveau-Brunswick*.

Year 2000 Date Issue

The Agency is working with its partners and clients to ensure that no external impacts will corrupt ACOA’s systems or our ability to service all of our clients. The Agency is also implementing a plan to heighten awareness among Atlantic Canadian businesses on the need to be prepared for the transition. An awareness campaign was held for ACOA staff, who are now better prepared to discuss Y2K issues with clients and the need and importance for SMEs to have a plan. A Y2K brochure is being mailed to all clients who are deemed vulnerable to the year 2000 bug; the brochure will also serve as a hand-out to new applicants. Finally, Y2K potential impact will be a consideration in the project evaluation process. In cases where, in the opinion of the Agency, the applicant’s/project’s viability, and therefore the Agency’s investment, could be compromised by Y2K issues, the Agency will require of the proponent specific measures (including Y2K action planning measures) as a condition of the Agency’s investment.

ACOA will be Year 2000 compliant in all its critical business, hardware and software applications by December 31, 1998.

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

Performance in the Development Business Line

ACOA's accomplishments for the development business line are grouped according to the Agency's three key commitments in *Accounting for Results, 1997*, the President of the Treasury Board's Annual Report to Parliament. These are to provide Canadians with:

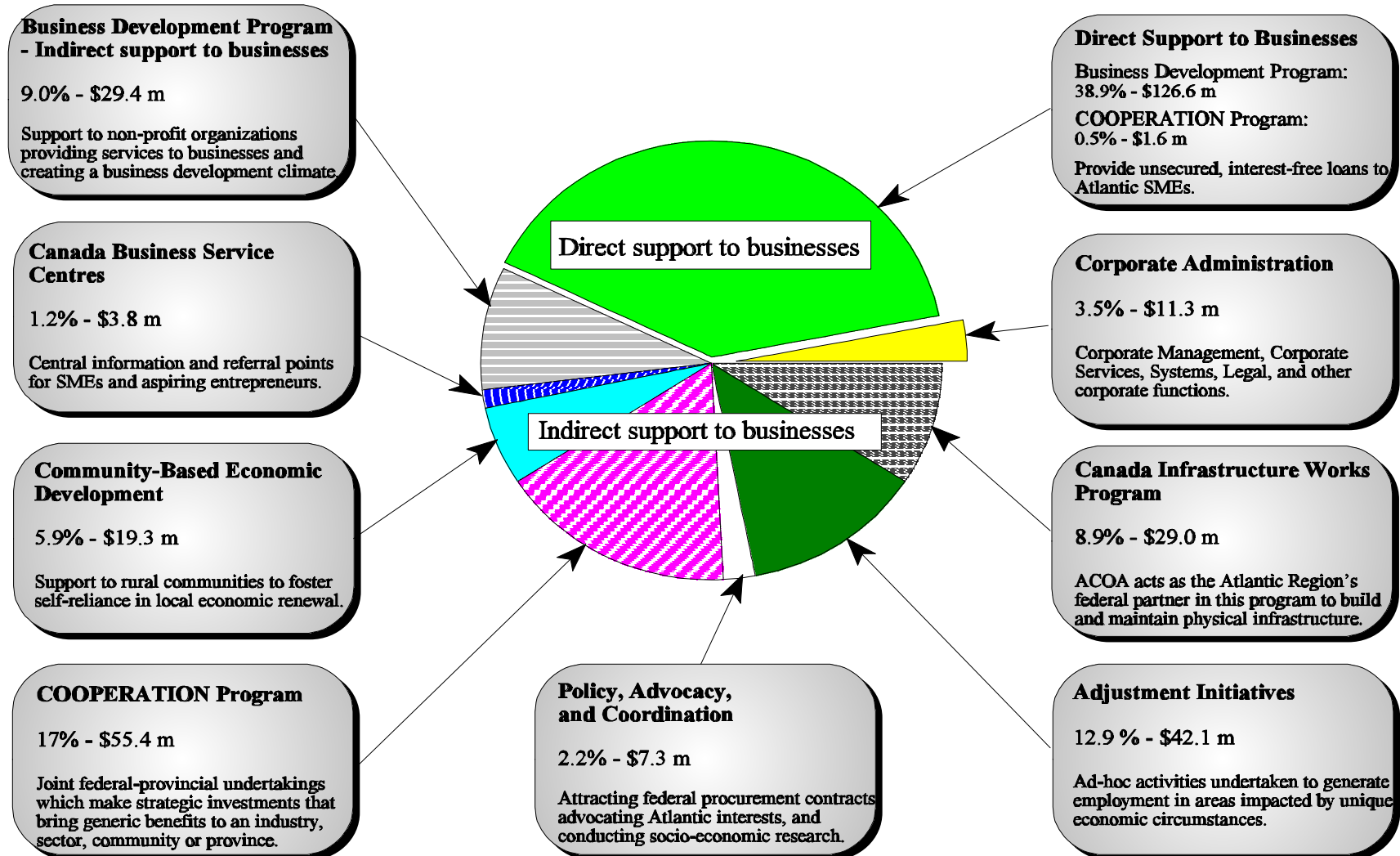
- A. greater economic activity in the Atlantic Region, generating jobs and increasing earned income;
- B. skills development and improved management practices in Atlantic small- and medium-sized enterprises; and,
- C. economic opportunities through community-based economic development with emphasis in rural areas.

Performance information is grouped under these commitments in line with the expectations outlined in the "Summary of Key Plans, Priorities and Strategies" section of ACOA's 1997-98 *Plans and Priorities* document.

Total spending in the Development Business Line in 1997-98 was \$314.6 million, representing 96.5% of the Agency's budget (see Figure 3).

Figure 3: ACOA 1997-98 Expenditures

Total Agency Expenditures: \$325.9 m



4. A. Greater Economic Activity



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

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

Improving the competitive position of SMEs lies at the heart of these activities. ACOA offers access to capital and information to encourage business start-ups, expansion and modernization. The Agency also partners with non-profit organizations which provide services needed by SMEs or which help to create a better environment in which to do business. Another aspect of ACOA’s promotion of economic development is initiatives which promote research and development among SMEs and increase their participation in the Knowledge-Based Economy.

i) Federal-Provincial Cooperation

<i>Aim:</i> <i>Coordinated federal-provincial economic development activities in each of the four Atlantic provinces in areas of:</i> <i>- Community economic development;</i> <i>- Entrepreneurship;</i> <i>- Trade; and,</i> <i>- Strategic infrastructure.</i>	<i>Expectation:</i> Working with provincial governments, the Agency expected to create jobs, reduce the cost of government operations, increase earned income, increase sales and exports, and increase new businesses.	<i>Result:</i> Employment gains achieved. Working with provinces to develop measurement tools for remaining federal-provincial expectations.
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Accomplishments

In 1997-98, the Agency developed and began a benefits monitoring procedure to measure key economic indicators for Agency programs. This system will be implemented Agency-wide in 1998 and will aid in the measurement of COOPERATION and BDP programs. With full implementation, there will be

more accurately measured results for earned income changes, sales and exports increases, and new businesses created as a result of COOPERATION program activities.

In 1997-98, an estimated 2,000 jobs were created or maintained as a result of COOPERATION Program activities.⁴ This estimate is adjusted for incrementality, and for indirect and induced job impact.

The cost of government operations has been reduced by consolidating COOPERATION agreements. For example, in New Brunswick, the previous COOPERATION approach involved five federal-provincial agreements and resulted in 5% of cash flow being dedicated to administration, evaluation and communications. This has been reduced to 3.4% in the current, single agreement. Staff administering the Prince Edward Island COOPERATION Agreement report that management of agreements has been streamlined and duplication of committee meetings has been eliminated, also resulting in efficiency gains.

ii) Research and Development Partnerships

<i>Aim:</i> <i>The development and commercialization of new or improved products and processes, and technology diffusion.</i>	<i>Expectation:</i> ACOA had aimed to facilitate the establishment of three international and 15 domestic research-private sector partnerships.	<i>Result:</i> Target achieved for domestic partnerships. Target not achieved for international partnerships.
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Accomplishments

The Agency has pursued international partnerships under the Canada-Israel Industrial Research and Development Foundation (CIIRDF) initiative. Seven companies are in various stages of the pre-partnership phase, however, no final agreements were reached in the past year.

⁴Incremental-An incremental project is one that would likely not have proceeded with the same scope, at the same time and in the same location without government assistance. Based on independent surveys, ACOA has estimated an incremental factor of .67, meaning for every 100 jobs reported, only 67 are included in ACOA's final count. The incremental factor of .67 is a conservative estimate. In Chapter 18 of his report dated November 1995, the Auditor General assessed a much higher incremental factor of .81 for Agency job creation measurement. Indirect and Induced - In addition to a direct job impact (those created by the firm assisted), the job calculation includes an estimate of jobs created, in the region, by the additional purchases of goods and services made by assisted firms and their employees. This estimate is taken from the Conference Board of Canada's econometric model of the Atlantic Economy.

Atlantic region firms have shown a high rate of interest in CIIRDF, accounting for 44% of all Canadian firms seeking partnerships in 1997-98. Previous to 1997, four partnerships with Atlantic firms had taken place. This high level of activity is partially due to ACOA's role in promoting partnerships among potential firms. The Foundation considers ACOA to be its "most productive partner".

The main reason for not meeting the 1997-98 international partnership target can be traced to the time required to establish partnerships with other prospective regions. The Agency has conducted preliminary work with European Union and New England contacts.

Some of the over 30 successful domestic partnerships include the work of Concept+ in New Brunswick which has linked University of Moncton professors, researchers and students with Atlantic SMEs to develop innovative new products

ACOA's work in developing the knowledge-based economy in Atlantic Canada is consistent with the government-wide priority of "Investing in Knowledge and Creativity".

such as optical lens manufacturing machines for eyeglass production. The partnerships which Concept+ has helped foster (including those previous to 1997-98) have resulted in the creation of 200 well-paid jobs in applied R&D, and payrolls amounting to \$7.5 million per year.

iii) Access to Capital for SMEs

<i>Aim:</i> <i>Greater access to capital for 3,000 small- and medium-sized enterprises (SMEs) over three years through the Business Development Program (BDP).</i>	<i>Expectation:</i> The Agency expected to assist 1,000 SMEs in 1997-98 and to create jobs and increase sales as a result.	<i>Result:</i> Target achieved.
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Accomplishments

1,064 SMEs received assistance under the Business Development Program for a total of \$146 million in authorized assistance. The 1997 Statistics Canada "Survey of Small- and Medium-Sized Businesses in Atlantic Canada" found that ACOA commercial clients who had completed projects in 1996 and 1997 had averaged increased sales of over \$400,000 per firm as a result of ACOA support provided.

As a result of BDP activities, 7,400 jobs were created (72%) or maintained (28%).⁵ This estimate is adjusted for incrementality, and for indirect and induced job impact.

The Business Development Program is ACOA's primary tool for offering financial assistance to Atlantic SMEs and non-profit organizations providing services to businesses. Access to capital is provided to commercial organizations in the form of interest-free, unsecured, loans. In 1997-98, individual businesses invested \$2.4 for every dollar that ACOA loaned to them.

By providing access to capital for projects that otherwise would not have been able to proceed, the Business Development Program facilitates private sector job creation in order to help fulfill the federal government's commitment on *Jobs and Growth*.

iv) Entrepreneurship - Intent to Start a Business

<i>Aim:</i> <i>Communications initiatives leading to greater awareness of the economic benefits of entrepreneurship and small business formation.</i>	<i>Expectation:</i> ACOA's goal was that by 1998, 17% of Atlantic Canadians would have the intent to start a new business.	<i>Result:</i> Progress in line with target.
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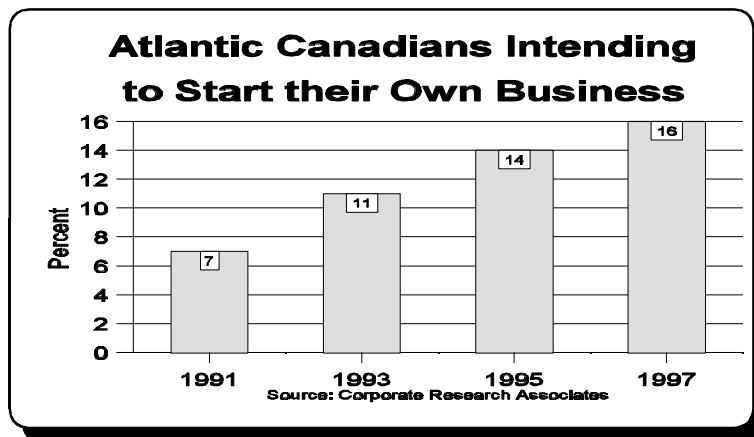
Accomplishments

A November 1997 survey found that 16% of Atlantic Canadians had an "intent to start a business within the next two years". The Agency is on target to meet this expectation in 1998. While it is not easy to determine the precise impact of ACOA's contribution, Agency activity is a major factor, given its level of involvement in the promotion and support to entrepreneurship development.

To promote entrepreneurship among the general population, ACOA works with other partners on communications initiatives such as the "Leading Edge" and "Temps d'Affaires" television programs which profile successful Atlantic Canadian entrepreneurs. In addition to motivating Atlantic Canadians to consider entrepreneurship, these programs provide information on various aspects of starting a business and business management. Other promotion initiatives include support for annual entrepreneurship awards and publications such as the booklet

⁵ ibid

“The Dream Catchers / Réaliser ses rêves” which highlighted non-mainstream Atlantic Canadian entrepreneurship success stories.



v) Procurement

<i>Aim:</i> Access to major contracts for regional companies.	<i>Expectation:</i> The Agency aimed to enhance job creation in the region by securing federal procurement contracts, and by increasing Atlantic plant tours, company visits and information seminars by prime contractors.	<i>Result:</i> Employment gains achieved.
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Accomplishments

During 1997-98 \$236 million in new industrial and regional benefits (IRB) commitments from major defence and Space Agency projects were secured. These include:

- \$43 million for the Defence Department's Search and Rescue Helicopter;
- \$25 million for the Radar Satellite II;
- \$5 million in Space Developmental contracts; and,
- \$163 million in aerospace repair and overhaul contracts.

In addition, \$160 million of IRB achievements were identified during the reporting period that had not previously been reported as IRB results due to a lapse between reporting by clients and achievements in IRB.

The total value of procurement in 1997-98 was therefore \$396 million of incremental benefits flowing to the Atlantic region.

vi) Tourism

<i>Aim:</i> <i>The expansion and growth of the Atlantic tourism industry.</i>	<i>Expectation:</i> Key commitments for 1997-98 were increased tourism revenues, a return on investment of \$10 per dollar of marketing campaign investment and an economic impact of \$26 million from the 1997 campaign.	<i>Result:</i> <ul style="list-style-type: none">• This domestic and international target was achieved earlier than expected.• Focus is now on international markets only. 1997-98 campaign yielded a return of \$5.64 per campaign dollar invested.
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Accomplishments

The Atlantic Canada Marketing Initiative is a yearly project which combines federal, provincial and private sector contributions which are used to promote the entire region as a tourism destination in targeted markets. ACOA had achieved the 1997-98 targets in 1996, when more established markets in Canada and the North-Eastern United States were targeted.

To build long-term sustainability in the tourism sector, the 1997 campaign aimed to build new markets in the United States in cities with good air connections to the region. This attempt to penetrate and develop new markets yielded a \$5.64 return on investment with \$16 million in economic returns for the region. While the returns were modest in comparison to previous years, this strategy will lead to long-term benefits as new, non-traditional markets are developed.

vii) Advocacy

<i>Aim:</i> <i>Advocacy for Atlantic Canada on issues which affect the opportunities for economic development in the region.</i>	<i>Expectation:</i> ACOA worked to ensure that Atlantic Canadian concerns were factored into national policy and program development. The Agency aimed to facilitate regionally sensitive decision making.	<i>Result:</i> Ongoing Intergovernmental contacts. Results difficult to quantify.
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Accomplishments

ACOA brought forward Atlantic Canadian concerns and issues within federal interdepartmental and Industry Portfolio policy decision-making and program design processes. Activities ranged from developing initiatives aimed at building local innovation capabilities, to contributing to the development of the Federal Aquaculture Development Strategy.

A recent example of ACOA's advocacy efforts is KPMG's study comparing costs of doing business in Atlantic Canada, Europe, and the United States. ACOA identified investment promotion research being carried out by the Department of Foreign Affairs & International Trade (DFAIT). Working with DFAIT, ACOA was able to have this research extended to include a number of Atlantic Canadian locations. This KPMG study has become an important regional investment promotion tool for the federal government as well as Atlantic Canadian provincial governments.

4. B. Skills and Management Training for SMEs



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

The value of effective information and skills development is increasingly being recognized as a tool to enhance competitiveness. ACOA has a wide variety of programs targeted to meet the information and skills development needs of SME owners, managers, employees and prospective entrepreneurs.

In the area of trade, for example, SMEs often lack the capacity to understand and access new markets. There are a variety of ACOA initiatives which prepare SMEs to export, assist in marketing, and offer information on potential markets. ACOA also conducts research, offers training to enhance management skills, targets specific demographic groups such as youth, women and Aboriginal Canadians, and works to provide skills training and share information that may be unique to their circumstances.

One of the indicators to measure the effectiveness of programming is business survival rates. The three-year survival rate of ACOA clients is twice that of firms in Atlantic Canada generally.

i) Business Counselling

<i>Aim:</i> <i>Quality business counselling/advisory services.</i>	<i>Expectation:</i> ACOA's goal was increased enrolment in the Institute of Small Business Counsellors Incorporated certification program.	<i>Result:</i> Progress was as expected.
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Accomplishments

With approximately 200 small business counsellors now being trained in the region, progress is in line with expectations. The first five counsellors were accredited and another 25 are expecting accreditation in the 1998-99 fiscal year.

The accreditation of the first counsellors represents a milestone for the Agency. ACOA, in partnership with the provinces, was the driving force behind the establishment of the Atlantic-based Institute of Small Business Counsellors Inc.

ACOA's partnership with the Institute is designed to ensure that SMEs obtain quality small business counselling. The Institutes's curriculum has been used as the basis for development of national standards for the profession of small business counsellor. The growth potential of this professional development program for small business counsellors was further reflected in expressions of interest from potential licensees both nationally and internationally.

ii) Business Management Practices

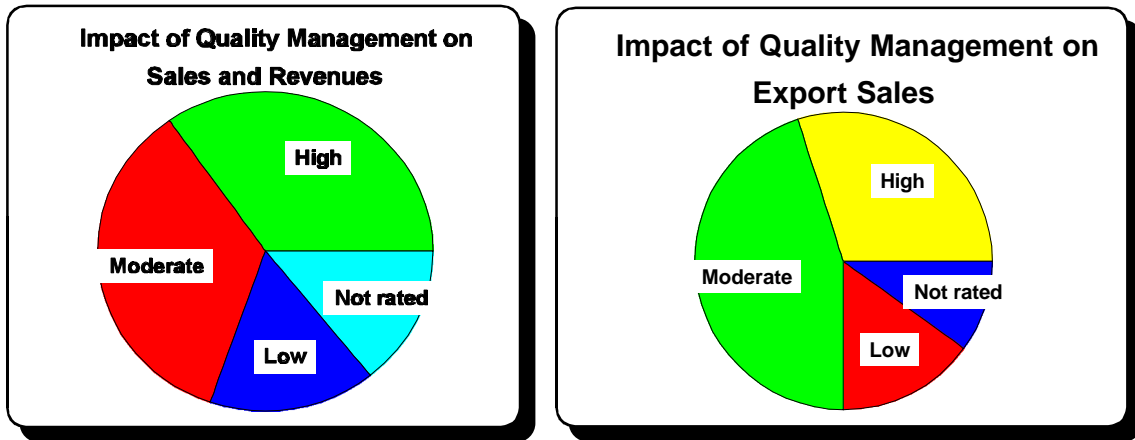
<p><i>Aim:</i> <i>Increased awareness and use of Business Management Practices (BMP) by SMEs.</i></p>	<p><i>Expectation:</i> The Agency targeted the increased implementation or re-engineering of management processes by ACOA clients.</p> <p>It was also expected that the number of businesses receiving the Atlantic International Standards Organization (ISO) certification would be 100 by December 1997.</p>	<p><i>Result:</i> Measurement tools under development.</p> <p>Target achieved.</p>
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Accomplishments

The number of businesses attaining ISO certification had already exceeded 100 in the 1996-97 reporting period.

In 1997, ACOA conducted a survey of businesses which the Agency had assisted in implementing quality programs in the previous three years. As the chart on the following page indicates, the beneficial impact on firms was significant. Impacts included improved internal work environment, enhanced customer satisfaction, maintained competitive position, and increased profits. A review of financial statements for 46 out of 83 clients indicated increasing sales in three of four cases. Similar positive results were experienced with respect to exports.

In 1997-98 the Agency began developing the tools to measure increased implementation or re-engineering of management processes by ACOA clients.



The Agency initiated a study to identify the core business management skills and practices for SMEs. The next stage of this initiative will be to establish a baseline of core business management competencies so that SMEs can benchmark their progress and the Agency can identify gaps, develop appropriate tools, and measure progress.

iii) Trade - Preparing SMEs to Export

<p>Aim: Training and mentoring in the skills required to export.</p>	<p>Expectation: The Agency aimed to train 80 potential exporters as part of an overall goal of 400 by the year 2000. The Agency also aims to attain a 5% to 7% increase (135 - 190) in the number of Atlantic SME exporters over the next three years.</p>	<p>Result: Progress in line with three-year target.</p>
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Accomplishments

There were 98 companies who participated in Agency-sponsored export readiness training, thus exceeding the target. There were 90 SMEs who started exporting in 1997-98. The Agency is therefore well positioned to reach its goal of 135-190 new exporters over three years.

The Agency offers Export Training and Awareness Programs (*NexPro*) for Atlantic SMEs to aid in developing export markets. Other export readiness training offered by the Agency includes ACOA Nova Scotia's *Outreach Program* which offered information sessions on "Exporting as an Option"; and ACOA

regional offices have partnered with local universities to match MBA students to businesses to help increase export activity in foreign markets.

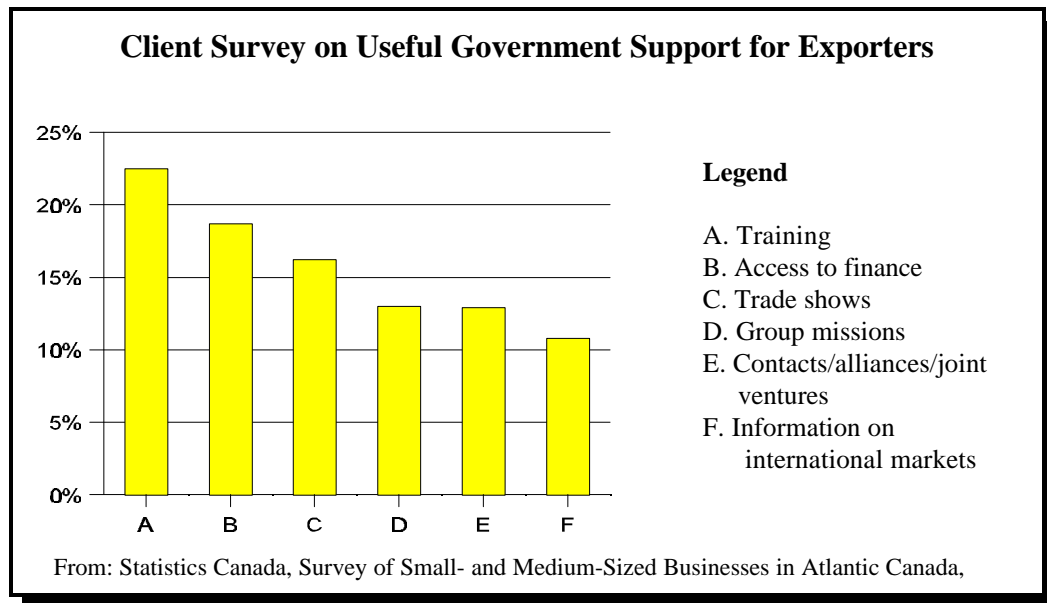
The Agency works in partnership to help export-ready firms establish first-time export sales through trade shows, participation in Team Canada initiatives, and special promotions. Almost 300 Atlantic firms participated in these types of initiatives in 1997-98.

ACOA's programs to assist SMEs develop export markets are consistent with government-wide priorities.

Statistics Canada's 1997 survey of Agency commercial clients asked clients involved in exporting what type of government support was useful to help build export markets. The results are illustrated in the following chart.

One in three Canadian jobs depends on trade. Our prosperity and our ability to create jobs are directly linked to how well we capitalize on international opportunities.

"Speech from the Throne to Open the First Session of the Thirty-Sixth Parliament of Canada", Sept. 23, 1997



iv) Entrepreneurship - Skills Development

<i>Aim:</i> <i>Course offerings in entrepreneurship for students at each level of the school system.</i>	<i>Expectation:</i> To achieve this goal, ACOA aimed to develop partnerships with provincial departments of education and has committed to ensure that the majority of students in the public school and community college systems are exposed to entrepreneurship curriculum within the next five years. (This expectation has changed slightly since the <i>1997-98 Plans and Priorities</i> .)	<i>Result:</i> Progress in line with five-year target.
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Accomplishments

Partnerships with the provincial departments of education and the Atlantic Provinces Education Foundation are in place.

These partnerships have resulted in a wide variety of activities including: teacher in-service training; the development of French language cross-curricular material for grades four to six; and, the repackaging of the television series “Leading Edge” for use by schools, colleges and universities. In 1997-98 the Agency partnered with the provinces to evaluate the feasibility of developing and delivering an on-line entrepreneurship education course for high school students.

ACOA undertook an inventory of enterprise/entrepreneurship curriculum and student enrolment in the public (K to 12) school system in Atlantic Canada in March 1998. This study will help to identify remaining gaps more precisely.

v) Entrepreneurship - Working with Youth

<i>Aim:</i> <i>Financial training and counselling programs, and role models and mentors for young entrepreneurs.</i>	<i>Expectation:</i> ACOA’s three-year goal is for 750 new businesses and ensuing jobs for young entrepreneurs over the period 1997-2000.	<i>Result:</i> Progress in line with three-year target.
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Accomplishments

In 1997-98, 416 seed capital loans were made, 56% of which (233) represent new business start-ups. The loan program is on track with 31% of the three-year goal having been achieved.

The seed capital program is part of ACOA's efforts to develop a suite of products for youth, known collectively as the "Young Entrepreneurs ConneXion" program. In 1997-98 enhanced promotion of a 1-800 information service was implemented. A program called "Fast Track" to promote student business start-ups was successfully piloted in six Atlantic Canadian communities. A focus group with participants showed that the program helped build confidence, enhanced their understanding of business, developed entrepreneurial expertise, and gave communities an opportunity to support local youth.

A peer support network with 250 members has been developed through a partnership between ACOA and the Association of Collegiate Entrepreneurs.

ACOA's work in promoting youth entrepreneurship contributes to the government-wide priority of "Creating Opportunity for Young Canadians"

ACOA has also helped establish Atlantic Canada's Young Entrepreneurs Association which is in the process of establishing six chapters.

vi) Entrepreneurship - Training for Women

<i>Aim:</i> <i>Entrepreneurship training for women.</i>	<i>Expectation:</i> ACOA has a three-year goal to provide entrepreneurship training for 450 women.	<i>Result:</i> Progress in line with three-year target.
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Accomplishment

ACOA attained 41% of this goal in year one by supporting entrepreneurship training for 185 women in the region. This type of training provides information and motivation for women entrepreneurs.

vii) Expanding Opportunities in Aboriginal Communities

While this was not highlighted in the “Summary of Key Plans, Priorities and Strategies” section of ACOA’s 1997-98 Plans and Priorities document, it is a federal government priority and it is part of the Agency’s work to build economic self-reliance in Atlantic communities.

ACOA has worked to foster entrepreneurship, enhance skills development, and improve management practices in Aboriginal SMEs in New Brunswick through the Joint Economic Development Initiative.

New Brunswick’s Joint Economic Development Initiative (JEDI) brings together Aboriginal communities, ACOA, the Department of Indian Affairs and Northern Development, Aboriginal Business Canada, the Business Development Bank of Canada and the Province to engage in a number of initiatives, tailored to Aboriginal needs, to stimulate economic development. Two development officers from the Aboriginal community have been hired by the Agency to coordinate programming and build economic development foundations. The Initiative includes a youth entrepreneur fund, entrepreneurship training programs, eco-tourism support, and small business assistance.

*Thousands of years ago,
Aboriginal people began building
Canada’s first communities.
Today, by strengthening our
Aboriginal communities, we are
reinforcing the diversity that
makes Canada unique in the
world.*

“Speech from the Throne to Open the
First Session of the Thirty-Sixth
Parliament of Canada”, Sept. 23, 1997

There were a number of accomplishments in 1997-98. These included:

- The participation of 16 Aboriginal people in the 17 week “Aboriginal Business Skills Training Program” which is designed to provide skills to prospective entrepreneurs. The program was a partnership between the Initiative and the Business Development Bank of Canada.
- The graduation of 19 participants in the “STEP-IN Program For Women”. This training was a partnership between the Initiative, the Tobique Economic Development Corp. and the Business Development Bank of Canada.
- An estimated 500 people attended the two-day Aboriginal Career Expo which was supported by the Initiative. Aboriginal youth from New Brunswick, Nova Scotia and Quebec attended.

A similar Nova Scotia initiative is in the development phase. An economic development committee has been established under the Native Tripartite Arrangement. ACOA has been closely involved in establishing the committee which has broad representation from Native, provincial and federal stakeholders.

In Newfoundland and Labrador, ACOA continued to support the work of the Torngait Ujagannaivingit Corporation (TUC) near Nain, Labrador. This wholly owned subsidiary of the Labrador Inuit Development Corporation quarries anorthosite stone blocks for export. In 1997-98, the Agency supported the construction of a facility to process anorthosite blocks in Hopedale, Labrador.

4. C. Community-Based Economic Development



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

Overall, 49% of Atlantic Canadians live in rural areas compared to 23% nationally. Rural communities face unique economic development challenges and opportunities.

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

“...give particular attention to increasing opportunity for Canadians in rural communities.” and “...adapt its [the Government’s] programs to reflect the social and economic realities of rural Canada.”

“Speech from the Throne to Open the First Session of the Thirty-Sixth Parliament of Canada”, Sept. 23, 1997

ACOA’s initiatives to aid communities extend to those communities impacted by unique circumstances such as Canadian Forces Base closures, the construction of the Confederation Bridge between New Brunswick and Prince Edward Island, and the downturn in the groundfish industry.

i) SMEs in Rural Areas

<i>Aim:</i> <i>SME financing in rural areas through the Community Business Development Corporations (CBDCs).</i>	<i>Expectation:</i> ACOA’s goal was to create and maintain jobs in rural areas.	<i>Result:</i> Jobs created and maintained in rural areas.
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Accomplishments

In 1997-98, the Agency provided \$19.3 million to 40 Community Business Development Corporations. Loans by Development Corporations to support the establishment or expansion of 1,500 businesses totalled \$38.3 million in 1997-98. These were expected to create or maintain 3,100 jobs.⁶ A follow-up survey with clients has indicated that jobs created have been 11% higher than projections.

ii) Access to Information and Services

<i>Aim:</i> <i>Simplified and effective modes of access to government business services.</i>	<i>Expectation:</i> In 1997-98, the Agency aimed to meet this goal through increased access to the Canada Business Service Centre information base through a network of intermediaries such as community-based development corporations using the Internet.	<i>Result:</i> Satisfactory progress towards goal.
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Accomplishments

The four Canada Business Service Centres completed the creation of 35 partnerships with existing intermediaries such as Community Business Development Corporations, to share information via the Internet. Partnerships allow the substantial Service Centre information bases to be further shared with clients, especially in rural areas. The Service Centres dealt with 81,406 enquiries in 1997-98.

Service Centre client tracking by Corporate Research Associates Inc. found that 83% of clients claim that their specific needs for information or assistance were met or exceeded. A total of 87% of clients found the Service Centres to be very (56%) or somewhat (31%) helpful in allowing them to make better business decisions.

“... ensure that rural communities and all regions of Canada share in the economic benefits of the global knowledge-based economy.”

“Speech from the Throne to Open the First Session of the Thirty-Sixth Parliament of Canada”, Sept. 23, 1997

Canada Business Service Centres are located in each province and serve as central information points for Atlantic SMEs. These Centres use 1-800 telephone lines,

⁶Ibid

fax services and the Internet to provide information from federal, provincial and municipal governments as well as other business information sources to Atlantic SMEs. ACOA is the managing partner for the four Atlantic Service Centres.

iii) Communities affected by the decline in the fisheries sector

<p><i>Aim:</i> <i>Assistance in communities affected by the closure of the Atlantic groundfish fishery.</i></p>	<p><i>Expectation:</i> It was expected that jobs would be created, that development project investments would be levered, and that long-term employment opportunities for displaced fishers and fish plant workers would be developed.</p>	<p><i>Result:</i> Results are long-term. Difficult to measure in 1997-98 context.</p>
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Accomplishments

Rebuilding communities affected by the closure of the Atlantic groundfish industry is a slow, long-term process.

In 1997-98, the Agency continued to work in cooperation with local economic development organizations such as community development corporations and regional development authorities and boards. The aim of this approach has been to build local capacity through the strengthening of local economic development organizations and the support of projects that create the infrastructure for sustainable, long-term development.

In Newfoundland, the Agency has helped build local capacity for economic renewal by contributing towards the establishment of strong community organizations to spearhead regional development. In cooperation with local development organizations, the Agency has invested in a variety of projects. A 1997-98 example was the establishment of a sea urchin research facility in cooperation with the Gambo-Indian Bay Development Corporation.

In Nova Scotia, Community Economic Development funds have been transferred to Regional Development Authorities (RDAs). These Authorities have used the contributions to lever four times the amount provided by the Agency. Funds are used to help implement initiatives identified in the Authorities' strategic plans. RDAs have implemented initiatives to: help businesses access Sable Gas project contracts; build knowledge-based economy infrastructure in rural communities through the Community Access Program; and, develop tourism destinations such as Thomas Raddell Park in Lunenburg County.

iv) Rebuilding Local Economies

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

In Borden, Prince Edward Island, a number of projects were completed to promote economic development. A thirty-two acre business park was established and two projects that provide light industrial space were constructed. In addition, the Agency partnered with the province to establish the Gateway Village Tourism Reception Centre which serves as an entry focal point, information source, and interpretation centre for visitors to the Island.

The area surrounding Cape Tormentine saw a number of projects initiated in 1997-98. The Fixed Link Redevelopment Fund provided financial assistance for the establishment of a major eco-tourism facility at Cape Jourimain. The Cape Jourimain Nature Center will be established on a Canadian Wildlife protected area, will showcase the unique and varied wildlife of the area, and will be positioned to benefit from the growing eco-tourism market. Another initiative is the scallop enhancement project with the Botsford Professional Fishermen Association. This aquaculture partnership project will see the yearly seeding of scallop spat onto defined seabed areas by members of this association. The scallops will be harvested at maturity in seven years and will be a major source of additional income to fishermen.

The Agency's involvement in Base Closure adjustment is gradually coming to an end. The Agency's support of the Slemon Park development on the site of the former Canadian Forces Base Summerside has seen the birth of an aeronautical industry in the region, currently employing 606 people. In Cornwallis, the site of the former Canadian Forces Base is now home to 19 businesses employing 262 people. The Shaw group recently invested \$18.5 million to set up a facility to produce furniture for Sweden-based IKEA.

Performance in the Corporate Administration Business Line

ACOA's Corporate Administration Business Line is relatively small when compared to the activities which take place under the Development Business Line. Figure 3 illustrates that 3.5% of the Agency's 1997-98 expenditures (\$11.3 million dollars) was devoted to this business line.

A number of initiatives implemented in 1997-98 have resulted in improved delivery of Agency services to the public and have contributed to enhancing the Agency's accountability to Parliament and the public generally. For example:

- to enhance its accountability, the Agency committed to establish a fully integrated planning and reporting process by the end of 1997-98. The establishment of the Review Services Division in 1997-98 went a long way to fulfilling this commitment. The Agency also piloted a comprehensive system in two of its regional offices to measure the economic benefits of programs.
- the Agency implemented automatic bank debits for its clients. As a result, clients received assistance directly through their bank accounts, eliminating waits for check processing and delivery. This initiative also reduced paper burden.
- the Agency continued to improve its electronic connectivity with clients, provincial governments and partner organizations. For example, the Corporate Systems branch streamlined an electronic "Fact Sheet Process" that resulted in an improvement in client turnaround time of approximately 10 days from the previous paper-based process.
- the Human Resources Branch continued to support professional development in the Agency. Progress includes: the revision of the Agency's employment equity plan to reflect new legislation; various staff development initiatives as part of La Rélève; and, the establishment of a Career Development Program for senior management.
- ACOA's Communications Branch worked in cooperation with other Agency branches to ensure that target publics were reached and that Atlantic Canadians were aware of Agency programs. Communications assisted in the organization of seminars and conferences, the publication of economic development resource materials, and the promotion of key Agency events.

SECTION IV: FINANCIAL PERFORMANCE

Financial Table 1

Summary of Voted Appropriations

A. Authorities for 1997-98 - Part II of the Estimates				
Financial Requirements by Authority (millions of dollars)				
Vote		1997-98 Planned Spending	1997-98 Total Authorities	1997-98 Actuals
Atlantic Canada Opportunities Agency				
20	Operating expenditures	41.0	46.8	45.1
25	Grants and contributions	249.8	271.7	264.9
(S)	Liabilities in Atlantic Canada under the <i>Small Business Loans Act</i>	4.5	11.0	11.0
(S)	Liabilities for loan or credit insurance pursuant to the <i>Government Organization Act, Atlantic Canada, 1987</i>	10.0	1.3	1.3
(S)	Contributions to employee benefit plans	3.6	3.6	3.6
Total Agency		308.9	334.4	325.9
Total Authorities are main estimates plus supplementary estimates plus other authorities.				

Financial Table 2

Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line (millions of dollars)									
Business Lines	FTEs	Operating	Capital	Voted Grants and Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
Development	278.0	34.0	-	249.8	283.8	14.5	298.3	-	298.3
<i>(total authorities)</i>	<i>278.0</i>	<i>38.1</i>	-	<i>271.7</i>	<i>309.8</i>	<i>12.3</i>	<i>322.1</i>	-	<i>322.1</i>
(Actuals)	267.0	37.4	-	264.9	302.3	12.3	314.6	-	314.6
Corporate	95.0	10.6	-	-	10.6	-	10.6	-	10.6
<i>(total authorities)</i>	<i>95.0</i>	<i>12.3</i>	-	-	<i>12.3</i>	-	<i>12.3</i>	-	<i>12.3</i>
(Actuals)	90.0	11.3	-	-	11.3	-	11.3	-	11.3
Total	373.0	44.6	-	249.8	294.4	14.5	308.9	-	308.9
<i>(total authorities)</i>	<i>373.0</i>	<i>50.4</i>	-	<i>271.7</i>	<i>322.1</i>	<i>12.3</i>	<i>334.4</i>	-	<i>334.4</i>
(Actuals)	357.0	48.7	-	264.9	313.6	12.3	325.9	-	325.9
Other Revenues and Expenditures									
Revenue credited to the Consolidated Revenue Fund									28.5
<i>(total authorities)</i>									28.5
<i>(Actuals)</i>									28.5
Cost of services provided by other departments									3.4
<i>(total authorities)</i>									3.4
<i>(Actuals)</i>									3.4
Net Cost of the Program									283.8
<i>(total authorities)</i>									309.3
<i>(Actuals)</i>									300.8
Note: Numbers in italics denote Total Authorities for 1997-98 (main and supplementary estimates and other authorities). Bolded numbers denote actual expenditures/revenues in 1997-98 Due to rounding, columns may not add to totals shown.									

Financial Table 3

Historical Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line (millions of dollars)					
Business Lines	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Development	356.8	300.8	298.3	322.1	314.6
Corporate Administration	11.5	11	10.6	12.3	11.3
Total Revenues Credited to the Vote	368.3	311.8	308.9	334.4	325.9
Total authorities are main estimates plus supplementary plus other authorities					

Financial Table 4: Crosswalk between Old Resource Allocation and New Allocation

Table 4 is not applicable to ACOA

Financial Table 5

Resource Requirements by Organization and Business Line

Comparison of 1997-98 Planned Spending, and Total Authorities to Actual Expenditures by Organization and Business Line (\$ millions)			
Business Lines			
Organization	Development	Corporate Administration	TOTALS
Corporate Offices			
<i>(total authorities)</i>	2.3	1.7	4.0
(Actuals)	2.3	1.7	4.0
Policy and Programs	11.9	0.1	12.0
<i>(total authorities)</i>	19.0	0.1	19.1
(Actuals)	19.0	0.1	19.1
Human Resources	0.4	0.6	1.0
<i>(total authorities)</i>	0.4	0.8	1.2
(Actuals)	0.4	0.7	1.1
Finance and Corporate Services	3.1	6.9	10.0
<i>(total authorities)</i>	2.7	6.9	9.6
(Actuals)	2.6	6.9	9.5
Regional Vice-Presidents	279.1	2.6	281.7
<i>(total authorities)</i>	293.8	2.7	296.5
(Actuals)	286.5	1.8	288.3
Ottawa	3.8	0.1	3.9
<i>(total authorities)</i>	3.9	0.1	4.0
(Actuals)	3.8	0.1	3.9
TOTALS	298.3	10.6	308.9
<i>(total authorities)</i>	322.1	12.3	334.4
(Actuals)	314.6	11.3	325.9
% of TOTAL	96.5	3.5	100.0

Note: Numbers in italics denote Total Authorities for 1997-98 (main and supplementary estimates and other authorities).
Bolded numbers denote actual expenditures /revenues in 1997-98
Due to rounding, columns may not add to totals shown.

Financial Table 6: Revenues to the Vote

Table 6 is not applicable to ACOA

Financial Table 7

Revenues to the CRF

Revenues Credited to the Consolidated Revenue Fund by Business Line (\$millions)					
Business Lines	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Development	19.4	22.1	28.5	28.5	28.5
Total Revenues Credited to the CRF	19.4	22.1	28.5	28.5	28.5

Financial Table 8

Statutory Payments

Statutory Payments by Business Line (\$ millions)					
Business Lines	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Development	21.7	9.1	14.5	12.3	12.3
Total Statutory Payments	21.7	9.1	14.5	12.3	12.3
Total authorities are main estimates plus supplementary plus other authorities					

Financial Table 9

Transfer Payments

Transfer Payments by Business Line (\$millions)					
Business Lines	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
GRANTS					
Development	5.4	0.4	2.0	2.0	0.7
Total Grants	5.4	0.4	2.0	2.0	0.7
CONTRIBUTIONS					
Development	296.7	254.2	247.8	269.7	264.2
Total Contributions	296.7	254.2	247.8	269.7	264.2
Total Transfer Payments	302.1	254.6	249.8	271.7	264.9
Total authorities are main estimates plus supplementary plus other authorities					

Financial Table 10: Capital Spending by Business Line

Table 10 is not applicable to ACOA

Financial Table 11: Capital Projects by Business Line

Table 11 is not applicable to ACOA

Financial Table 12: Status of Major Crown Projects

Table 12 is not applicable to ACOA

Financial Table 13: Loans, Investments and Advances

Table 13 is not applicable to ACOA

Financial Table 14: Revolving Fund Financial Summaries

Table 14 is not applicable to ACOA

Financial Table 15

Contingent Liabilities

Contingent Liabilities (millions of dollars)			
List of Contingent Liabilities	Amount of Contingent Liability		
	March 31 1996	March 31 1997	Current as of March 31,1998
Loans	31.3	19.2	16.1
Claims and Pending and Threatened Litigation			
Litigations	10.2	10.0	4.0
Non-litigations			
Total	41.5	29.2	20.1

SECTION V: CONSOLIDATED REPORTING

ACOA's Sustainable Development Strategy

ACOA's three-year Sustainable Development Strategy was tabled in the House of Commons on December 10, 1997. The Strategy identified three main goals with specific objectives, targets, and performance indicators.

Implementation and further refinement of the Sustainable Development Strategy is an ongoing process. Activities since December 1997 have consisted primarily of developing organizational capacity for implementation, continuing activities which pre-date the Strategy, and promoting the Strategy and the Environmental Management System (EMS) within the Agency.

The following are examples or highlights of progress to date for each of the Agency's three goals.

Goal One: Setting an Example in the Environmental Management of ACOA's Operations.

- An Agency project officer has been given full-time responsibility for the coordination of ACOA-wide implementation of the Strategy, including the EMS.
- An Agency-wide committee with representation from each regional office has been formed and given responsibility for implementation of the Strategy.
- The Strategy was "launched" in a series of promotional and educational events involving ACOA staff in June 1998.

Goal Two: Promoting Sustainable Communities and Businesses in Atlantic Canada.

- ACOA continues to screen projects in accordance to the Canadian Environmental Assessment Act (CEAA). In 1997-98 the Agency screened 579 projects.
- The Agency is participating in a government-wide initiative to study and improve CEAA follow-up measures.
- Agency managers are receiving training in application of the CEAA.

Goal Three: Advancing the Environmental Industry Sector in Atlantic Canada.

- The Agency's Business Development Program has provided support to firms in the environmental industry sector.
- The Agency is a partner in the "Environmental Industry Virtual Offices" which are Internet sites which provide information to entrepreneurs in this sector. The offices are linked to ACOA's web site.

ACOA's entire Sustainable Development Strategy is published in "Opportunities for Sustainable Development" and is accessible on the Agency's web site (<http://www.acoa.ca>).

SECTION VI: OTHER INFORMATION

1

Contacts for Further Information

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Legislation Administered by ACOA

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

Government Organization Act, Atlantic Canada, 1987, (R.S.C., 1985, c. -G-5.7), as amended

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

Small Business Loans Act

(R.S.C., 1985, c.-S-11), as
amended

Special Areas Act

(R.S.C., 1985, c.S-14)

3

List of Offices

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