

Atlantic Canada Opportunities Agency



**2007-2008
Estimates**

Part III – Report on Plans and Priorities

**Minister
Atlantic Canada Opportunities Agency**

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Section I – Agency Overview

Minister's Message

During the first year of our mandate, our Government has committed to concrete, realistic and practical actions that improve economic growth, opportunities and choices for Canadians. Our goal is to build a Canadian standard of living and quality of life that are second to none in the world.

This year, the Atlantic Canada Opportunities Agency (ACOA) marks its 20th year of service to Atlantic Canada. Since its creation, the Agency has helped Atlantic Canada to expand its economy, generate wealth and realize its potential. In 2007-2008, ACOA will build on these efforts by continuing to foster a positive economic environment that supports the growth of Atlantic Canadian businesses and communities.



As Minister of ACOA, I have had the great pleasure of travelling throughout the region and visiting communities large and small. I have seen the positive impact of ACOA's investments – investments that help Atlantic communities improve their infrastructure so that they can support a better quality of life for their residents and spur local economic growth.

These investments help businesses in the region enhance their competitiveness by deepening their entrepreneurial skills; by enhancing their capacity to innovate and to pursue local research and development; and by assisting their efforts to export their products.

Over the next year, ACOA will continue to work within its economic development programs to focus on core priorities of enterprise development, community development, policy, advocacy and co-ordination of government programs. ACOA will continue to work in partnership with key regional stakeholders to strengthen the economic foundation of Atlantic communities in order to stimulate business growth and generate new job opportunities.

Our central objective is to contribute to the development of a strong regional economy that creates and sustains more and better paying jobs for Atlantic Canadians, that attracts the energy and talent of new Canadians, and that helps us retain our talented young people whose desire to build a future in Atlantic Canada is central to our long-term success.

Peter G. MacKay
Minister
Atlantic Canada Opportunities Agency

Management Representation Statement

I submit for tabling in Parliament, the 2007-2008 Report on Plans and Priorities for the Atlantic Canada Opportunities Agency (ACOA).

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*.

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance.
- It is based on the Agency's Strategic Outcomes and Program Activity Architecture that were approved by Treasury Board.
- It presents consistent, comprehensive, balanced and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

Monique Collette, President
Atlantic Canada Opportunities Agency

Changes in ACOA's Program Activity Architecture

Changes were made to ACOA's Program Activity Architecture (PAA) from fiscal year 2006-2007 to 2007-2008. These changes are the result of an Agency-wide performance measurement exercise, which took place during 2006-2007. ACOA's 2007-2008 strategic outcomes, program activities and their descriptions are more clearly defined and accurately reflect the Agency's activities.

At the program sub-activity level, under "Fostering the development of institutions and enterprises, with emphasis on those of small and medium size", "Access to business information" has been moved to the sub-activity level because of the size of its budget relative to the other elements. Although tourism continues to play an important role in the economy of the region and within ACOA, it was the only sector mentioned in the Agency's architecture. For consistency purposes, since ACOA also supports other sectors of interest to the Atlantic economy through its program activities, ACOA's tourism efforts and initiatives are now integrated within the Agency's program activities and program sub-activities.

2006-2007 Program Activity Architecture	2007-2008 Program Activity Architecture
Strategic Outcome <ul style="list-style-type: none"> • Program Activity <ul style="list-style-type: none"> ○ Program Sub-activity 	Strategic Outcome <ul style="list-style-type: none"> • Program Activity <ul style="list-style-type: none"> ○ Program Sub-activity
Enterprise Development	Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size
<ul style="list-style-type: none"> • Fostering SME Development and Regional Economic Capacity Building <ul style="list-style-type: none"> ○ Innovation ○ Entrepreneurship and Business Skills Development ○ Trade ○ Investment ○ Tourism ○ Other Support to SMEs • Access to business information 	<ul style="list-style-type: none"> • Fostering the development of institutions and enterprises, with emphasis on those of small and medium size <ul style="list-style-type: none"> ○ Innovation ○ Entrepreneurship and business skills development ○ Trade ○ Investment ○ Financing continuum ○ Access to business information (Canada Business)
Community Development	Dynamic and sustainable communities for Atlantic Canada
<ul style="list-style-type: none"> • Community Economic Development • Special Adjustment Measures • Infrastructure Programming 	<ul style="list-style-type: none"> • Fostering the economic development of Atlantic communities • Special adjustment measures • Infrastructure programming
Policy, Advocacy and Co-ordination	Policies and programs that strengthen the Atlantic economy
<ul style="list-style-type: none"> • Policy • Advocacy • Co-ordination 	<ul style="list-style-type: none"> • Policy • Advocacy • Co-ordination

Summary Information

Raison d'être

The Government of Canada is committed to capitalizing “on regional strengths, using a balanced approach in order to secure a higher standard of living and a better quality of life for all Canadians.”¹ The Atlantic Canada Opportunities Agency (ACOA) works in partnership with Atlantic Canadians to improve the economy of the region through the successful development of business and job opportunities, and thus pursues its mandate “... to enhance the growth of earned incomes and employment opportunities ...” (*Atlantic Canada Opportunities Agency Act*, Part I).

In order to effectively pursue its mandate, the Agency has identified three strategic outcomes that reflect its mission and the benefits it strives to provide to Atlantic Canadians. These outcomes are:

1. Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size.
2. Dynamic and sustainable communities for Atlantic Canada.
3. Policies and programs that strengthen the Atlantic economy.

Financial and Human Resources

	2007-2008	2008-2009	2009-2010
Financial Resources (\$ millions)	369.2	328.2	322.0
Human Resources (FTEs)	757	757	725

Agency Priorities for 2007-2008

ACOA's Ongoing Priorities	Type
1. Improve the climate for business growth for small and medium-sized enterprises to help them start, expand and modernize their businesses.	Ongoing
2. Carry out policy analysis and research to determine the areas in which ACOA can act to carry out its mandate most effectively.	Ongoing
3. Advocate the interests of Atlantic Canada to make new government initiatives more responsive to the needs of Atlantic Canada through Advocacy Champion files .	Ongoing
4. Help communities build their capacity and confidence in order to identify and co-ordinate the implementation of priorities for economic development in their region.	Ongoing
ACOA's New Priorities for 2007-2008	Type
5. Foster improved productivity and competitiveness of innovative technologies , through enhanced efforts to assure the realization of their commercial opportunities.	New
6. Explore the feasibility and options for improved productivity and competitiveness in the renewable resource sectors .	New

¹ *Canada's Performance 2006*, Treasury Board of Canada (2006).

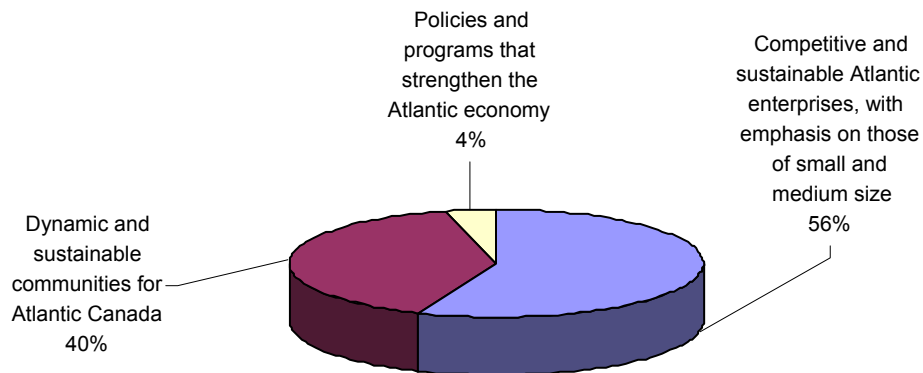
7. Conduct studies and undertake other activities targeting the Atlantic Gateway to devise a corporate strategy.	New
8. Establish management priorities that focus on the Government of Canada's governance and accountability agenda, values and ethics, and succession planning Agency-wide.	New

Program Activities by Strategic Outcome

Program Activity	Expected Result	Planned Spending			Contributes to the priority
		2007-2008	2008-2009	2009-2010	
Strategic Outcome 1: Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size					
Fostering the development of institutions and enterprises, with emphasis on those of small and medium size	Improved growth and competitiveness of Atlantic SMEs	208.6	217.5	211.5	No. 1: Improve the climate for business growth No. 5: Improve productivity and competitiveness of innovative technologies
Strategic Outcome 2: Dynamic and sustainable communities for Atlantic Canada					
Fostering the development of Atlantic communities	Enhanced business and economic opportunities for Atlantic Canada communities Enhanced community collaborations	100.9	95.8	95.7	No. 4: Help communities build their capacity and confidence
Special adjustment measures	Reduced impact of economic crisis	40.5	0.0	0.0	
Infrastructure programming	Enhanced infrastructure in urban, rural communities, and public infrastructure	5.1	1.0	1.0	

Program Activity	Expected Result	Planned Spending			Contributes to the priority
		2007-2008	2008-2009	2009-2010	
Strategic Outcome 3: Policies and programs that strengthen the Atlantic economy					
Policy	Strategic, researched policy decisions reflecting the opportunities and challenges of the Atlantic region's economy, while considering enterprise and community development potential	7.7	7.5	7.4	No. 2: Carry out policy analysis and research No. 6: Improve productivity and competitiveness in the renewable resource sectors No. 7: Conduct studies and undertake activities targeting Atlantic Gateway
Advocacy	Federal policies and programs that reflect Atlantic enterprise and community development needs and interests	4.1	4.1	4.1	No. 3: Advocate the interests of Atlantic Canada (Advocacy Champion files) No. 7: Conduct studies and undertake activities targeting Atlantic Gateway
Co-ordination	Co-ordination of other federal departments' and other stakeholders' policies and programs within the region to form integrated approaches to development	2.3	2.3	2.3	No. 7: Conduct studies and undertake activities targeting Atlantic Gateway

**2007-2008 Planned Spending
by Strategic Outcome, Expressed as a Percentage**



ACOA Plans and Priorities

Operating Environment

ACOA's Mandate

This year will mark ACOA's 20th year of service to Atlantic Canadians. Established in 1987, ACOA is the arm of the federal government whose mission is to work in partnership with Atlantic Canadians to improve the economy of the region through the successful development of business and job opportunities.

The Agency's mandate is derived 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*. Its purpose is to "increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region."

Although the Agency's program tools and policies have changed over the past 20 years, the overall goal of ACOA has always been to help the Atlantic region realize its full potential in terms of productivity, economic growth and standard of living.

The Government of Canada is committed to ensuring that Canadians in all parts of the country benefit from a strong economy and the services that such an economy can provide. ACOA tackles economic development challenges facing Atlantic Canada by identifying and addressing structural weaknesses in the economy, helping communities and businesses overcome barriers, and finding new opportunities for growth. It is also within this context that ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy. By making the right investments and fostering favourable conditions for growth, ACOA can encourage prosperity through the creation of new opportunities in Atlantic Canada.

ACOA's Approach

The Agency takes a proactive approach to identifying opportunities and overcoming regional barriers to growth, recognizing that an economy must have a number of conditions in place in order to succeed.

Working with partners in all levels of government, the private sector, academia and non-governmental organizations, ACOA seeks to advance economic opportunities and innovation in order to serve the needs of businesses, organizations, individuals and communities in Atlantic Canada.

At the national level, the Agency carries out this mandate by advocating for Atlantic Canada's interests, priorities and concerns in other federal government policy-making decisions and investments that have a direct impact on the Atlantic economy.

The Agency also participates in several horizontal initiatives. It is the lead department for Team Canada Atlantic and the International Business Development Program. In addition, the Agency is a partner on several horizontal initiatives led by other federal departments.

At the regional level, ACOA conducts policy research and analysis that helps provide the intellectual foundation for a comprehensive and strategic approach to regional development. Furthermore, the Agency plays a key role in co-ordinating pan-Atlantic development strategies, programs and initiatives, working closely with the provincial governments, Atlantic universities and research institutes, business organizations, other federal departments, and other stakeholders in the region to reduce duplication and maximize impact.

Locally, the Agency works with its partners to provide communities with the tools and resources they need to build more self-reliant local economies. Partnerships are a major element, not only in the delivery of programs and activities, but also in the development of programs and policies. ACOA partners with the private sector, universities, non-government organizations, as well as governments at all levels.

The Agency also works locally to improve the growth and competitiveness of Atlantic enterprises through a variety of programs and services designed to increase start-ups, expansions and modernizations. The Agency ensures that a wide variety of business development tools and resources are available to Atlantic entrepreneurs throughout all stages of the business life cycle – from the time they are thinking about setting up a new business, to the time they are planning for growth and expansion.²

ACOA's programs are strategically important. Recognizing the correlation between innovation and productivity, Agency programs place emphasis on fostering research and development, technology adoption, skills development, and improved access to capital required to make these kinds of investments in innovation possible. The Agency's Atlantic Innovation Fund continues to be a driving force behind the latest acceleration of research and development in Atlantic Canada.

ACOA also recognizes the correlation between stimulating the growth of entrepreneurship and business skills development with economic development, as illustrated by the fact that in the 1990s, 70% of the jobs created by new firms in Atlantic Canada were attributed to small businesses.³ The Business Development Program and other ACOA programs are helping entrepreneurs to start up and expand businesses, optimize trade and export opportunities, develop new tourism products, and improve business management practices to grow and compete in the global economy.

² For more information on ACOA's activities and services, visit the Agency's website at <http://www.acoa-apeca.gc.ca/e/en/index.asp>.

³ *The State of Small Business and Entrepreneurship, Atlantic Canada 2005*, Atlantic Canada Opportunities Agency (2005).

Atlantic Canada's Challenges, Risks and Opportunities – ACOA's Response⁴

ACOA operates within the changing economic landscape of Atlantic Canada. The Agency's broad-based approach to regional economic development addresses the underlying structural challenges in the economy.

Being proactive in identifying opportunities requires the Agency to assess external economic factors that can affect departmental plans and priorities or the delivery of its programs and services.

Economic Performance

In recent years, economic performance in Atlantic Canada has been influenced by a number of factors that have constrained economic growth. The Atlantic economy grew at an annual average rate of 1.5% over the last three years, in comparison with 3% growth for the Canadian economy. Restructuring in the resource industries, out-migration and a strong Canadian dollar have contributed to the weak growth. Rural areas in the region have been particularly hard hit due to rationalization in some resource industries. Urban areas, however, continue to register solid economic gains as their economies diversify into new and emerging sectors. These economic conditions will have an impact on ACOA's activities, as the Agency – by way of strategic planning – continues to effectively respond to changing regional circumstances.

Following weak growth of 1% in 2005, the Atlantic Canadian economy did pick up somewhat in 2006, with real gross domestic product (GDP) estimated to have increased by 2.3%. The Canadian economy is estimated to have grown by 2.8% in 2006. Growth resumed in the Atlantic region's goods-producing industries (1.1%), led by a significant increase in the mining and oil and gas sectors, due to increased production at the Voisey's Bay mine and the White Rose offshore oil field. The construction sector registered good growth, mainly from projects in the energy and transportation sectors. Activity in the manufacturing sector declined for a second consecutive year, affected by a strong Canadian dollar and the closure or temporary shutdown of several wood and paper mills and fish processing plants. Growth in the services-producing industries (2.9%) was led by gains in the retail and wholesale trade, finance and insurance, and public sectors.

Labour Market

Atlantic Canada's labour market improved slightly in 2006, yet continued to perform below the national average. After increasing by only 0.2% in 2005, employment in the region rose by 0.5% (or 5,600 individuals) in 2006. Employment in Canada increased by

⁴ Statistical data presented in this section are from the following sources:

- Conference Board of Canada – Gross Domestic Product, *October 2006 Provincial Forecast*.
- Statistics Canada – Labour Market, *Labour Force Survey Custom Tabulations*, 2007.
- Statistics Canada – Population, *Quarterly Demographic Estimates*, #91-002-XIE.
- Industry Canada – Exports, *Trade Data Online*, Strategis, 2007.

1.9% in 2006. Employment in the major urban areas in the region increased by 1.4% in 2006, while it fell by 0.4% in the rest of the economy.

Improving weak economic performance in rural areas of the region represents a major challenge, as many small communities face significant impediments to developing their economies, such as declining population and employment opportunities.

The unemployment rate for Atlantic Canada fell from 10.4% to 9.9% in 2006, its lowest level in over 30 years; however, part of this decline was due to a drop in the labour force, as numerous individuals left the region in search of better employment prospects. The unemployment rate for the major urban areas was 6.8% in 2006, compared with 12.9% for the rest of the region.

Employment gains in Atlantic Canada occurred in the services-producing sector, mainly in management services (e.g. call centres). Gains also occurred in public administration (e.g. municipal) and finance and insurance, while employment fell in transportation (e.g. trucking and scenic and sightseeing), professional services (e.g. architectural and engineering services) and wholesale trade. Employment fell among the goods-producing industries, due mainly to continued job losses in the manufacturing sector and ongoing challenges facing the forestry and fishing industries in the region. Employment also declined in agriculture and utilities. Job gains in the mining and oil and gas extraction sector resulted from higher commodity prices and the addition of capacity from the Voisey's Bay and White Rose projects.

Exports

Foreign exports of commodities from Atlantic Canada fell by 3.7% during the first 11 months of 2006. Losses in the region were significant in seafood, pulp and paper, wood, and natural gas. Although aquaculture exports registered gains, mainly from farmed salmon, lower landings and prices led to a decline in shipments of crab products. Exports of unprocessed lobsters fell due to lower prices. Market conditions in the forestry sector remained poor, as lower lumber prices and reduced demand in the United States affected exports of wood products. The strength of the Canadian dollar led to a reduction in exports of pulp and paper products. While exports of crude oil increased due to higher prices, foreign shipments of natural gas declined due to lower prices and reduced volume. Atlantic Canada's exports to the United States, the destination for over 78% of the region's foreign shipments of goods, fell by 4.8%. Exports to China, the second largest destination for the region's products, rose by 3.6%.

Population

Between October 2005 and October 2006, the population of Atlantic Canada fell by 0.4% (or 9,242 individuals) to stand at 2,330,162, its lowest level in nearly 20 years. Within the region, the population increased in Prince Edward Island (0.2% or 315 individuals), while it fell in Nova Scotia (-0.2% or 2,194 individuals), New Brunswick (-0.4% or 2,779 individuals), and Newfoundland and Labrador (-0.9% or 4,584 individuals). The decline

in Atlantic Canada's population is mainly due to an increase in migrants to Alberta. The Agency continues its efforts in responding to the challenges from Atlantic Canada's population shift by collaborating with provincial and federal partners to develop joint initiatives.

Economic Outlook

Economic performance in Atlantic Canada will be mixed in 2007. In Newfoundland and Labrador, the economy is expected to grow by 5.7% due to increased production in the oil and mining sectors. Despite the strong increase in real GDP, growth in the rest of the provincial economy is expected to be hampered by a declining population and weak consumer spending.

For the other three provinces in the region, economic growth is expected to be below the national pace. A slower U.S. economy is expected to dampen economic growth prospects for major exporters. In Prince Edward Island, real GDP is expected to increase by 1.5% with increased production anticipated in the agriculture and manufacturing sectors. The Nova Scotia economy is expected to grow by 1.9% in 2007. Increased output in the manufacturing sector and higher natural gas production will be offset by weakness in the construction industry and difficulties in some of the primary sectors. In New Brunswick, real GDP is expected to increase by 2.4% due to increased activity in base metal mining and pulp and paper sectors.

The transformation of the Atlantic economy is expected to continue with new high-knowledge industries being developed and primary industries adapting to new technology-driven competition. The region's knowledge-based economy has broadened, with the development of industries such as information technology, life sciences, bioscience, ocean technologies, aerospace and defence. The response to ACOA's Atlantic Innovation Fund has emphasized many of these areas, which are now of strategic importance since they offer the most potential for future growth in the region.

At the same time, Atlantic Canada has continued to diversify its traditional economic base with the expansion of value-added activities in the resource-based industries, while the oil and gas industry is helping to underpin economic growth in the region. ACOA will continue to provide support to community development and enterprise development in order to help resource industries diversify into high quality, value-added products and services.

Factors Affecting Economic Performance

The risks to Atlantic Canada's economic outlook are largely external. The correction to the U.S. housing market and its impact on consumer spending could be more severe than expected, resulting in a more pronounced slowdown of the U.S. economy. There is also a risk that the U.S. dollar could depreciate further against floating currencies, such as the Canadian dollar, in response to global current account imbalances. These occurrences would pose additional challenges to the region's export sector.

The emergence of economies such as China and India creates both challenges and new opportunities for Atlantic Canada. In the near term, emerging economies have increased the competitive pressure on labour-intensive sectors and, over the medium term, the ability of developing countries to compete in higher value-added activities will also increase. It is, therefore, imperative that Atlantic Canada continues to innovate and shift to higher value-added activities in order to maintain a competitive advantage. During 2007-2008, the Agency plans to work with other federal and provincial partners and industry in the renewable resource sectors in order to develop approaches to respond to the various challenges facing these industries' abilities to grow and compete.

Increased emphasis must be placed on enhancing productivity in the region. Raising productivity levels requires higher rates of business investment in machinery and equipment, greater levels of research and innovation, more effort placed on developing a skilled and educated workforce, and more spending on infrastructure. This is why ACOA will continue its efforts with targeted activities that focus on investment, innovation and business skills development.

The overall population decline in the region is hindering economic growth, although urban areas are gaining population while rural areas are losing people. The lack of employment opportunities contributes to out-migration of the region's educated youth, with little offset through foreign immigration. At the same time, labour shortages are beginning to appear in some areas. The continued transition to a more dynamic Atlantic economy, supported through joint initiatives related to population and immigration, should help meet the challenge of generating more employment opportunities to attract and retain skilled workers.

Further information on specific challenges facing individual provinces can be found in Section IV of this report.

Program Plans and Priorities

Strategic Outcome

Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size

Key Priorities:

- Improve the climate for business growth for small and medium-sized enterprises to help them start, expand and modernize their businesses (ongoing).
- Foster improved productivity and competitiveness of innovative technologies, through enhanced efforts to assure the realization of their commercial opportunities (new).

ACOA's mandate to lead the economic transformation of the Atlantic region is principally executed through enabling the development of sustainable enterprises providing goods and services into the global marketplace. This development leads to employment growth and wealth creation for the benefit of all the residents of Atlantic Canada.

By helping individual small and medium-sized enterprises succeed, the Agency subscribes to the notion that success breeds success. The increased level of economic activity generated by successful SMEs leads to new SMEs being created and to the expansion of existing SMEs, whether this is done within an economic cluster or within an industry sector such as aquaculture, manufacturing, tourism or knowledge-based industries. Thus, ACOA is tasked with delivering constantly evolving and adapted programs that support the development of SMEs and that better the business environment.

In 2007-2008, ACOA will continue to work toward improving the climate for business growth for SMEs to help them start, expand and modernize their businesses. Furthermore, as significant investments are being made in developing new technologies in Atlantic Canada, ACOA will pursue enhanced efforts to assure the realization of commercial opportunities for these developments. Through targeted investments, ACOA will continue to help companies improve their productivity and business skills and thus their innovation capability.

Dynamic and sustainable communities for Atlantic Canada

Key Priority:

- Help communities build their capacity and confidence in order to identify and co-ordinate the implementation of priorities for economic development in their region (ongoing).

The Agency's vision is to create dynamic and sustainable communities for Atlantic Canadians; communities that have the resources and capacity to take full responsibility and accountability for their own economic development. The Agency works as an agent of change to empower and help communities to achieve their economic development goals, and to ultimately increase economic opportunities for Atlantic Canada. The Agency works in partnership with other levels of government, other federal departments, non-government organizations, and community groups to leverage support and co-ordinate economic development efforts.

The opportunities for economic growth, and the challenge of globalization and international competitiveness, factor into daily decision making. Innovation and creativity in communities can lead to significant development opportunities. Results are strongest in transitional communities where stakeholders are involved. ACOA provides continued support to enhance or improve the economic base of these communities by building on their assets, and increasing their capacity to be competitive.

To achieve its vision for Atlantic Canada, the Agency will focus on fostering economic development by continuing to help communities build their capacity and confidence, thereby enabling them to identify and co-ordinate the implementation of priorities for economic development in their region. This will be achieved by working with communities and community organizations to identify, develop and support projects that will improve areas of productivity and competitiveness in communities and their resource sectors. To the greatest extent possible, ACOA will aim to support strategies that obtain the best value for its investments in the community economic development organizations.

Policies and programs that strengthen the Atlantic economy

Key Priorities:

- Carry out policy analysis and research to determine the areas in which ACOA can act to carry out its mandate most effectively (ongoing).
- Explore the feasibility and options for improved productivity and competitiveness in the renewable resource sectors (new).
- Conduct studies and undertake other activities targeting the Atlantic Gateway, to devise a corporate strategy (new).
- Advocate the interests of Atlantic Canada, to make new government initiatives more responsive to the needs of Atlantic Canada, through Advocacy Champion files (ongoing).

ACOA's legislation provides the mandate for the Agency's policy, advocacy and co-ordination roles. As the federal agency responsible for economic development in Atlantic Canada, ACOA plays the lead role in identifying the challenges and opportunities facing the development of the Atlantic region, while developing strategies and approaches for addressing these.

The policy function at ACOA undertakes research and analysis forming a basis for authoritative advice on a broad range of topics and issues. This information supports the decision making of the Agency and the Minister. The advocacy function, in turn, works to influence national policies, programs and initiatives to reflect the interests of Atlantic Canada. The Agency is also mandated to co-ordinate policies and programs of the Government of Canada and, increasingly, of provincial governments in relation to economic development.

In 2007-2008, ACOA will pursue its policy, advocacy and co-ordination objectives with emphasis on such priorities as the Atlantic Gateway and resource renewal. Developing effective strategies, policies and options that reflect the realities facing the Atlantic economy in priority areas such as these can only be done through engaging other key stakeholders; therefore, ACOA engages these stakeholders and builds partnerships, making it possible to achieve ventures that otherwise would not be feasible. ACOA will also advocate the interests of Atlantic Canada, to make new government initiatives more responsive to the needs of Atlantic Canada, through Advocacy Champion files – namely aerospace and defence, aquaculture, science and technology, commercialization, energy, population and immigration, Atlantic Gateway, bioscience, environment, and resource industries.

Management Plans and Priorities

1 - Excellence in Management

ACOA is committed to building management excellence and strong governance to ensure that its resources are efficiently and effectively managed, and that systems and services are in place to support management decision making, accountability and operational controls. In approaching this agenda, the Agency will focus on three strategic objectives.

- Support ACOA's program delivery and policy development by putting in place the necessary tools, processes and frameworks for management excellence, leading to a more effective and efficient organization.
- Ensure public money is spent responsibly, according to Treasury Board of Canada rules and regulations, by putting in place the necessary control functions and support mechanisms that help manage corporate risks.
- Strengthen corporate governance by ensuring ACOA is focused on achieving results, that its programs and policies remain relevant, and that proper decisions are being made that will ultimately lead the Agency in the right direction.

2 – Integrated Human Resource Planning

An integrated planning process has been designed to improve linkages between the Agency's strategic outcomes – as defined in ACOA's Program Activity Architecture (PAA) – and the more detailed operational plans containing program delivery goals and expenditures. This integrated planning process includes a solid human resource planning component. ACOA program and policy managers must now align their operational activities (including financial and human resource requirements) to each of the Agency's three strategic outcomes.

The results of this integrated human resource planning have provided ACOA with valuable information for 2007-2008 in the areas of learning, capacity building, succession planning and employment equity.

During the 2006 APEX Symposium, the Clerk of the Privy Council stated that Public Service Renewal is a priority for government. The federal government is currently experiencing the phenomenon of an aging population and has limited human resource capacity for replacing key leaders of the public service. Similarly, succession planning is a priority area for the whole Agency. It is imperative that ACOA explore avenues for enhancing and strengthening the leadership competencies of its future leaders. In order to meet this challenge, ACOA senior officials will work on the Public Service Renewal Initiative.

The Agency often uses other innovative means of addressing the renewal of its workforce. These include student bridging and co-operative education programs, which can rejuvenate an organization. In addition, ACOA actively participates in the Public Service Management Trainee Program and the Career Advancement Program. Management development initiatives are being explored as a way for the Agency to enhance its current workforce's leadership competencies. For example, in New Brunswick ACOA has launched a developmental plan for aspiring managers, and the Agency's Head Office is currently developing a similar program. Another example is the development of an internal program for commerce officers within the Agency, which has been requested by most regional offices. The intent of these programs is to provide employees who have the aspiration and potential to become managers with opportunities to acquire leadership competencies.

3 – Values and Ethics

The respect of values and ethics within ACOA is central to its ability to effectively deliver on its mandate. ACOA's Executive Cadre has committed to demonstrating and promoting the proper behaviour/judgement to the larger management team and to all staff. ACOA will also focus on strengthening internal communications and employee feedback processes related to values and ethics, and developing a new communications strategy. In addition, the Agency will be reviewing the Roadmap to Results strategy, and tools being developed by the Office of Public Service Values and Ethics, to assess their applicability to the Agency environment.

Linking ACOA's Outcomes/Activities to the Government of Canada's Outcomes

The Government of Canada's annual report on performance, entitled *Canada's Performance 2006*⁵, provides an overview of how the performance of individual departments and agencies contributes to broader, government-wide outcomes in the following key policy areas: economic affairs, social affairs, international affairs and government affairs (federal organizations that support all departments and agencies).

ACOA's program activities and strategic outcomes are complementary and support the Government of Canada's contribution to strong economic growth. ACOA's sub-activities, which are more specific in nature, also support and contribute to a number of other federal government outcome areas such as: an innovative and knowledge-based economy, income security and employment for Canadians, a clean and healthy environment, a vibrant Canadian culture and heritage, as well as a diverse society that promotes linguistic duality and social inclusion.

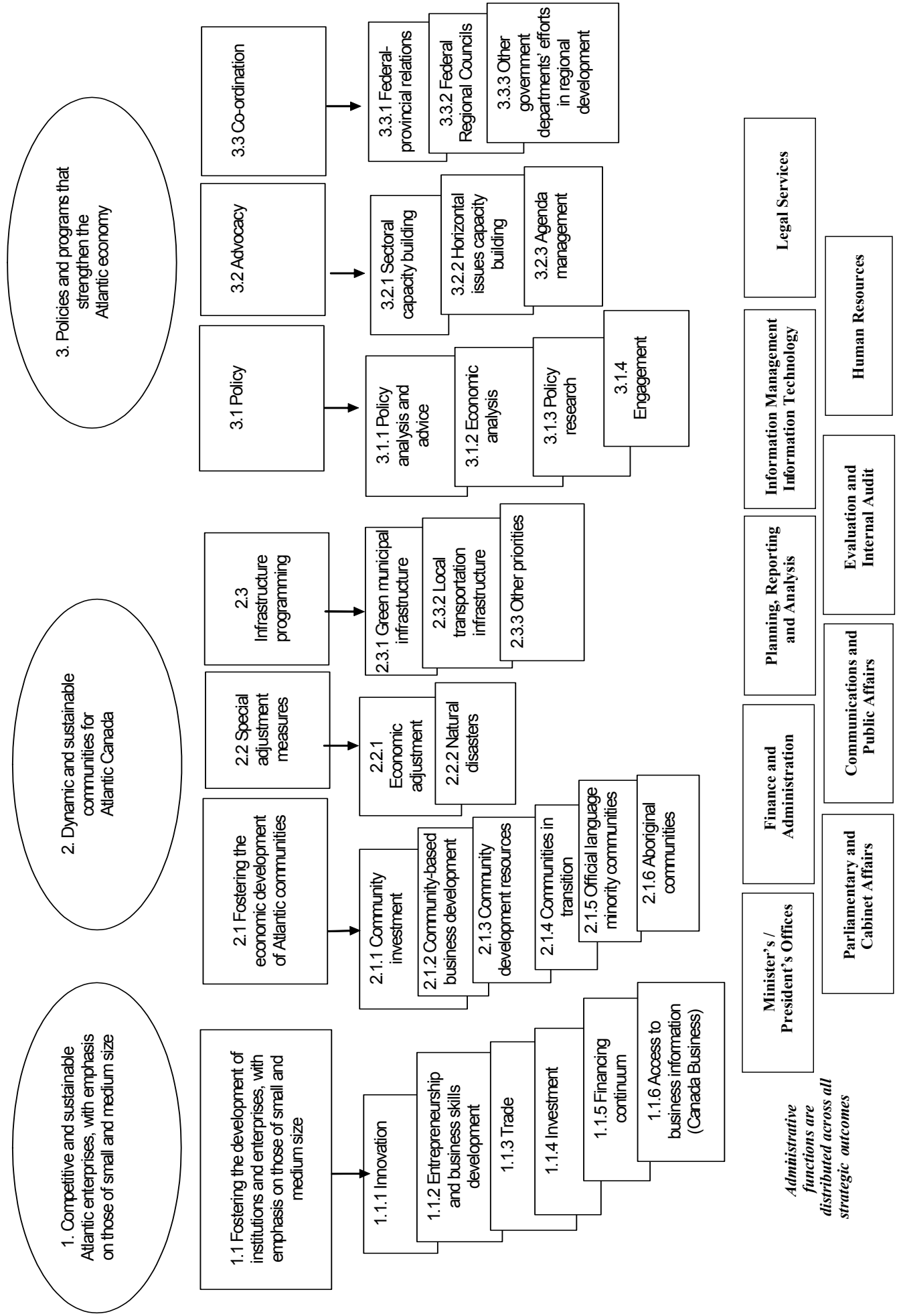
The Government of Canada's "Strong economic growth" outcome area includes initiatives aimed at strengthening economic development in all regions and sectoral competitiveness. The government recognizes that regional development policies are important components of a comprehensive strategy to help the regions of Canada exploit the opportunities in a global economy. Furthermore, the Government of Canada is dedicated to pursuing a strategy that invests in skilled knowledge workers, cutting-edge research and innovation. ACOA, through its program activities and sub-activities, supports these government outcomes, which in turn foster an environment where citizens can prosper.

The following table depicts the relationship between the Government of Canada's outcomes and ACOA's contribution toward them, through its program activities.

ACOA's Strategic Outcome	ACOA's Program Activity	Link to the Government of Canada's Outcome
1. Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size	Fostering the development of institutions and enterprises, with emphasis on those of small and medium size	Strong Economic Growth
2. Dynamic and sustainable communities for Atlantic Canada	Fostering the economic development of Atlantic communities	Strong Economic Growth
	Special Adjustment Measures	Strong Economic Growth
	Infrastructure programming	Strong Economic Growth
3. Policies and programs that strengthen the Atlantic economy	Policy	Strong Economic Growth
	Advocacy	Strong Economic Growth
	Co-ordination	Strong Economic Growth

⁵ To view *Canada's Performance 2006*, visit http://www.tbs-sct.gc.ca/report/govrev/06/cp-rc_e.asp.

ACOA 2007-2008 Program Activity Architecture



Section II – Analysis of Program Activities by Strategic Outcome

Strategic Outcome:

1. Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size

<p>Indicators:</p> <ul style="list-style-type: none"> • Impact on employment growth of ACOA-assisted firms • Increase in Atlantic GDP related to ACOA clients 	<p>Annual Target:</p> <ul style="list-style-type: none"> • 1 to 2 times higher than non-assisted firms <p>Five-year Target:</p> <ul style="list-style-type: none"> • \$4 to \$5 in GDP gains for every \$1 of ACOA expenditure 		
<p>Performance Measurement Strategy: Five-year target will be measured through analysis of data from Statistics Canada and internal systems, using econometric modelling. The annual target will be measured through analysis of Statistics Canada data.</p>			
	2007-2008	2008-2009	2009-2010
<i>Financial Resources (\$ millions)</i>	208.6	217.5	211.5
<i>Human Resources (FTEs)</i>	446	455	423

ACOA maintains that the economic transformation of Atlantic Canada can only be realized through a series of accomplishments, some small, others more significant. This will be achieved through hard work, one SME, one institution or one association at a time, each and every day.

To that end, ACOA delivers programs and initiates strategies that are constantly evolving in order to adapt to the requirements of the local business community and the demands of the global marketplace. ACOA strives to apply its limited resources to the areas of greatest potential impacts. In that vein, the Agency has decided to focus on Atlantic enterprises that are of a small and medium size, because they have proven to have the most significant and sustained job creation impact in Canada.

In the coming year, ACOA will continue to promote innovation in SMEs, in universities and in other organizations, leading to commercializable products and services. The Agency will strive to identify and continue supporting industrial sectors and clusters that exhibit strong possibilities of becoming significant in Atlantic Canada. ACOA recognizes that, given the globalization of the world economy, the region cannot pretend to become a major player in all industrial sectors. Efforts must, and will, be focused on key sectors

such as aquaculture, manufacturing, tourism and knowledge-based industries. In order to be successful as a region, the human resource skills level must be developed; the Agency intends to continue to be a strong supporter of efforts made in that area.

ACOA believes these efforts will result in increased growth and competitiveness of SMEs, increased earned incomes of people, and new jobs being created in Atlantic Canada.

Program Activity:

1.1 Fostering the development of institutions and enterprises, with emphasis on those of small and medium size

<i>Expected Results:</i> Improved growth and competitiveness of Atlantic SMEs.			
<i>Indicators:</i>	<i>Targets:</i>		
<ul style="list-style-type: none"> • Survival rates of ACOA-assisted firms • Percentage increase in payrolls for ACOA-assisted firms 	<ul style="list-style-type: none"> • 1 to 2 times higher than non-assisted firms • 1 to 2 times higher than non-assisted firms 		
<i>Performance Measurement Strategy:</i> Analysis of data from Statistics Canada.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	208.6	217.5	211.5
<i>Human Resources (FTEs)</i>	446	455	423

A successful SME exhibits strength in four strategic elements. The first element is the product or service offered to its clientele. Attributes of the offering are the features, quality and cost. An SME can improve these attributes through innovation, such as developing new features or becoming more productive. Investing in improvements is risky, thus the Agency’s assistance aims to encourage SMEs to innovate by providing direct assistance that helps mitigate some of the financial risk faced by an SME. Programs such as the Atlantic Innovation Fund (AIF) and the Business Development Program (BDP) help SMEs to innovate, thereby facilitating their long-term success.

The second element a successful SME must exhibit is the ability to sell its product or service offering. The Agency helps SMEs to increase their sales by funding marketing activities and new market development. Atlantic Canadian SMEs cannot rely solely on domestic sales to grow – they must look beyond the borders to other countries for potential purchasers of their products or services. Again, there is a financial risk here that ACOA seeks to mitigate through its programs. The Agency, along with its partners, organizes direct trade missions in various part of the world where companies are helped to meet potential buyers and distributors.

The third element of a successful SME is skills. To be successful, an SME must possess, display and constantly seek to develop the skills of its human resources in all business domains – whether in management, marketing, technical or financial. Investing in skills development is costly and not easy to finance for most SMEs; hence, ACOA promotes and provides financial assistance toward the costs of acquiring these skills.

The fourth element of any successful SME is its ability to access the financing it needs, when it needs it. ACOA recognizes that there are gaps in the SME financing continuum in Atlantic Canada and, until these are filled by other providers, its programs will be accessible to SMEs for start-up, expansion and modernization assistance.

Key Priority:

- *Improve the climate for business growth for small and medium-sized enterprises to help them start, expand and modernize their businesses.*

ACOA not only delivers programs and assistance directly to SMEs, it also exerts its influence indirectly through industry associations and other not-for-profit groups.

ACOA seeks to energize and develop the business environment in which SMEs operate in a variety of ways and through a range of initiatives. Whether it is through supporting business associations, providing information and support to existing entrepreneurs and new entrepreneurs, helping attract foreign companies to invest in Atlantic Canada, or creating new capital pools, ACOA is at work to create the best conditions possible for SMEs to be created, grow and expand.

Program Sub-activity: 1.1.1 Innovation

<i>Expected Results:</i> Strengthened Atlantic Canada’s innovation and commercialization capacity.	
<i>Indicators:</i>	<i>Targets: (2007-2008)</i>
<ul style="list-style-type: none"> • Dollar amount and percentage leveraging • Number of meaningful partnerships and collaboration for technology development and commercialization • Number of Atlantic-based private sector organizations taking a lead role on projects (i.e. private sector proponents) • Number of private sector organizations involved on institutional projects 	<ul style="list-style-type: none"> • \$85 million, 50% • 50 • 10 • 20
	<i>Five-year Target: (2003-2004 to 2007-2008)</i>
<ul style="list-style-type: none"> • Number of commercialized technologies, products, processes and services as a result of an innovation project 	<ul style="list-style-type: none"> • 30
<i>Performance Measurement Strategy:</i> Analysis of data from internal systems.	

ACOA’s innovation activities are aimed at addressing the key challenges facing the Atlantic Canadian economy (i.e. lagging productivity and competitiveness, and structural changes in traditional industries) while fostering the continued development of emerging high-technology sectors. The Agency’s goal is to promote innovation as a means to ensure an efficient and responsive Atlantic Canadian economy, with businesses able to adapt to new competitive challenges.

Through the Atlantic Innovation Fund, ACOA invests in large, cutting-edge R&D projects in the region’s private sector and research institutions. These projects are aimed at developing new technologies that can be commercialized to stimulate new product development and growth in new and existing firms in the region. The Agency also promotes innovation within SMEs, using the BDP to fund technology adoption and R&D projects and using the Productivity and Business Skills Initiative to support the hiring of skilled personnel, thereby fostering increased innovation capabilities.

In 2007-2008, ACOA will work strategically to maximize the impact of its investments and implement its sector development strategies. A key focus for the Agency will be supporting R&D projects that have the best probability for successful commercialization, while pursuing the commercialization of products, processes and services resulting from previous R&D efforts. ACOA will also work with its partners and stakeholders to align investments in key sectors in the Atlantic region. As well, the Agency will work to promote the region’s capacity to carry out leading-edge R&D in specialized areas or specific sectors at the regional, national and international levels.

Key Priority:

- *Improve productivity and competitiveness of innovative technologies.*

Program Sub-activity:
1.1.2 Entrepreneurship and business skills development

Expected Results: More Atlantic Canadians with the motivation and skills required to successfully start, sustain or grow a business.

Indicators:	Targets:
<ul style="list-style-type: none"> • Percentage of participants in entrepreneurship awareness and promotion activities indicating that the activity increased their intent to start a business 	<ul style="list-style-type: none"> • 60% to 75%
<ul style="list-style-type: none"> • Percentage of participants indicating improved business skills 	<ul style="list-style-type: none"> • 75%*

Performance Measurement Strategy: Analysis of data from internal database system.

* To reflect preliminary findings on this indicator, this target has been changed from “60% to 75%” to “75%”; more participants than anticipated state that their business skills have improved as a result of an Entrepreneurship and business skills development (EBSD) activity.

Entrepreneurship and business skills development – the process of increasing the pool of Atlantic Canadians with the motivation and skills to plan, start and grow a business – has been a key element of ACOA’s economic development work since 1990. Fostering this culture of entrepreneurship is fundamental to the region’s future, since entrepreneurs are key to the generation of wealth and jobs.

Over the past 15 years, ACOA has worked with key stakeholders in the region to advance the concept of entrepreneurship. As a result, more schools, universities and not-for-profit organizations are involved in promoting entrepreneurship as a viable career choice than ever before. Although the Agency will continue to help sustain this level of awareness, it is now in a position to shift its focus to ensuring that existing and potential entrepreneurs have the skills they need to become more competitive, productive and innovative in the long term.

Business skills development for any entrepreneur comes with a wide array of challenges. Often, owners of SMEs are either not aware of the bottom-line benefits that can flow from improved competencies, or simply don’t have the time or the financial resources required to enhance their skills. A variety of activities intended to address these challenges will be organized over the coming year. These activities will help potential entrepreneurs to start new businesses and will help existing entrepreneurs to sustain or grow their businesses. Such activities include workshops and networking opportunities, business planning competitions, mentoring opportunities, business advisory and counselling services, and business and skills development partnerships with universities and colleges.

EBSD activities are either funded through the Agency’s Business Development Program or one of the following two programs. The Women in Business Initiative (WBI) focuses on strengthening the management capabilities and business development skills within

women-owned ventures, improving their access to capital and business support services. The Young Entrepreneur Development Initiative (YEDI) provides young Atlantic Canadians who are aspiring or existing entrepreneurs with opportunities to develop business skills.

The Agency will advance entrepreneurship and business skills in Atlantic Canada’s tourism industry through sustainability planning sessions and workshops at the community and SME levels. Tourism entrepreneurship and business skills will also be strengthened through the application of lessons learned from group and personal interactions with leading tourism businesses in other Canadian jurisdictions.

Key partners and clients in these efforts are non-commercial entities, including not-for-profit business support organizations, industry associations, educational institutions, other government departments and similar groups.

Program Sub-activity: 1.1.3 Trade

<i>Expected Results:</i> Increased export capacity and sales for SMEs in Atlantic Canada.	
<i>Indicators:</i>	<i>Targets:</i>
<ul style="list-style-type: none"> • Number of SMEs that have increased export-readiness (combination of number of firms involved in trade awareness sessions, mentoring programs and skills development courses) • Number of new exporters • Number of exporters developing new markets • Growth in export sales of ACOA-assisted firms 	<ul style="list-style-type: none"> • 750 • 35 • 60 • Stabilized or increased*
<i>Performance Measurement Strategy:</i> Analysis of data from Statistics Canada, surveys and internal reports.	

* Target will be revised in 2007-2008.

Exporting continues to be one of the nation’s leading engines of economic growth – building revenues, fuelling business opportunities and generating jobs. Atlantic Canada’s proximity to the rich markets of the United States and Europe, and its increased levels of exportable, value-added and knowledge-based goods and services, create a region particularly well suited as a base for exporting.

Over the last decade, exports from Atlantic Canada have increased by 94%, significantly more than the Canadian average of 57%⁶; however, with just over 2.5% of the region’s SMEs currently exporting⁷, there is room for further growth. ACOA recognizes that the

⁶ *Trade Data Online*, http://strategis.gc.ca/sc_mrkti/tdst/engdoc/tr_homep.html, Industry Canada (accessed online January 5, 2007).

⁷ *Business Register*, Statistics Canada (June 2005) quoted in *Key Small Business Statistics – January 2005*, Industry Canada, <http://strategis.ic.gc.ca/epic/site/sbrp-rppe.nsf/en/rd00999e.html>; and *A Profile of Canadian Exporters: 1993 to 2004*, Statistics Canada (2006).

key to continued growth and success is diversification into new markets such as China and Europe; therefore, one of its focuses is new market development.

The Agency works both directly and in partnership with other federal departments and the four provincial governments to deliver its strategic approach to trade development. This approach is focused on four strategic elements.

The first element, *awareness*, promotes exporting as a growth strategy for SMEs, enhancing the knowledge of current and potential exporters regarding major trade issues and opportunities, and ensuring that selected export markets are aware of Atlantic SME export capabilities.

The second element is *trade education and skills development*. The Agency co-ordinates training and mentoring activities tailored to the specific requirements of existing, export-ready and potential exporters. These activities also develop a cluster of capable trade consultants in the region.

The third element of the strategy, *capacity building*, assists companies undertaking international market expansion and product development through the organization of ACOA-led and partnered trade missions to select U.S., European and Asian markets. In 2007-2008, the Agency will continue to focus on emerging markets, as well as aftercare and follow-up with exporting Atlantic SMEs. This will be accomplished through various training and research initiatives in collaboration with regional and federal stakeholders and foreign posts. Sectors of focus will include aquaculture, aerospace and defence, and energy.

Finally, through *policy, co-ordination and partnerships*, ACOA incorporates a research agenda focusing on export capabilities and development needs of Atlantic Canada SMEs. The Agency develops emerging sectors in Atlantic Canada through the implementation of both regional and pan-Atlantic sector export strategies. ACOA promotes strategic alliances and co-operation in Atlantic Canada by partnering with other federal, provincial and industry organizations to carry out its activities.

Financial support for ACOA's trade strategy is provided through three programs: the International Business Development Program (IBDP), the Atlantic Trade and Investment Partnership (ATIP), and the Business Development Program (BDP).

To further promote export growth and development in Atlantic Canada, ACOA participates in five trade-related horizontal initiatives. Of these, ACOA acts as the lead partner on Team Canada Atlantic (TCA) and the aforementioned IBDP. For further details on the IBDP and TCA, visit http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/dep-min/ACOA-APECA/ACOA-APECA_e.asp. ACOA acts as a partner on the following horizontal initiatives.

1. *Team Canada Inc.*: This partnership of federal, provincial and territorial governments and other partners is designed to help Canadian businesses prepare for

the global marketplace by providing single-window access to fully integrated export services. ACOA currently sits on both TCI's management board and executive committee, and continues to provide the front-line service of Team Canada Inc. through the Canada Business Service Centres throughout Atlantic Canada.

2. *U.S. Enhanced Representation Initiative*: This initiative intends to strengthen political and economic relationships with the U.S., while strengthening and managing Canada's advocacy, trade, business development, science and technology and investment interests in the U.S. ACOA will continue the delivery of ERI-funded initiatives by conducting sector-specific missions to selected U.S. markets, bringing buyers into the regions, and increasing awareness of the benefits of Atlantic Canada through focused U.S. promotional events for future foreign direct investors.
3. *Canadian Agriculture and Food International Program*: This program is designed to support industry action to deliver on a comprehensive national strategy to gain and expand international recognition and enhance market opportunities for Canadian agriculture, food and seafood products. ACOA is a voting member on the strategy steering committee, and acts as a proponent for products sourced from Atlantic Canada.

Program Sub-activity: 1.1.4 Investment

<i>Expected Results:</i> Increased foreign direct investment and opportunities in Atlantic Canada.	
<i>Indicators:</i>	<i>Targets:</i>
<ul style="list-style-type: none"> • Increased awareness (number of inquiries / website hits) • Number of suspects⁸, leads⁹ and prospects¹⁰ 	<ul style="list-style-type: none"> • 750 • 100
<i>Performance Measurement Strategy:</i> Annual targets will be measured through analysis of data from internal reports.	

Foreign direct investment (FDI), defined as “foreign investment in a company that gives the foreign investor a significant voice (over 10% of voting equity) in the management of the company,”¹¹ creates jobs and generates revenues. It also strengthens economic infrastructure and builds industrial critical mass required to successfully compete in a global economy. From 2000 to 2004, Atlantic Canada's share of inward FDI was just over 7% of the national amount (just over 4% if oil and gas figures are excluded), while its share of the GDP was nearly 6%.¹² The potential for economic growth through FDI in Atlantic Canada is considerable.

⁸ Suspect - a member of a target group that may only be known by demographic information.

⁹ Lead - a qualified response with very limited interaction with an Atlantic Canadian company.

¹⁰ Prospect - a party interested in a particular solution that has been identified.

¹¹ *Foreign Direct Investment in Canada*, page 1, Atlantic Canada Economic Council (2002).

¹² *Attracting the Big Bucks: Foreign Investment in Atlantic Canada*, Atlantic Canada Economic Council (2005).

ACOA recognizes the importance of FDI as a vehicle for economic growth and, as such, has developed a strategy to increase FDI in Atlantic Canada. The Atlantic Investment Strategy is a pan-Atlantic effort to increase co-operation in the areas of investment research, awareness and promotion, investment intelligence dissemination, partnerships, and lead development. This strategy has enabled ACOA to undertake comprehensive pan-Atlantic and provincially based investment development initiatives such as:

- science, technology, trade and investment missions to key markets;
- Team Canada Atlantic missions;
- lead identification and development;
- direct marketing and advertising campaigns; and
- promotion of the region through marketing initiatives, including trade shows and familiarization tours.

The Atlantic Trade and Investment Partnership supports the Atlantic Investment Strategy through the following activities.

- *Investment research:* ACOA focuses its research on major trends in the international community and the identification and analysis of key factors influencing investment decisions by foreign corporations.
- *Information management and dissemination:* The Agency identifies investment opportunities and provides timely investment intelligence to partners.
- *Awareness and promotion:* The Agency carries out a strategic program to increase awareness of Atlantic Canada as a profitable location in which to do business.
- *Investment partnerships:* ACOA continues to foster strong relationships with Investment Partnerships Canada, Foreign Affairs and International Trade Canada, Industry Canada, and the four Atlantic Provinces in order to reduce duplication of work, to pool human and financial resources, and to market Atlantic Canada as a unified whole.
- *Lead development:* The Agency continues to support provincial and federal investment colleagues through the identification of investment leads and prospects.

ACOA undertakes lead activities of its own, via advertising, direct marketing, trade fairs and networking initiatives. In 2007-2008, the Agency will continue its efforts and focus on lead development. This will be undertaken through various marketing/research initiatives in collaboration with regional and federal stakeholders and foreign posts. Specific efforts will be made to attract inward FDI by promoting the region in key sectors, including information technology outsourcing (nearshoring).

Program Sub-activity: 1.1.5 Financing continuum

<i>Expected Results:</i> Developing the breadth and depth of financing options.	
<i>Indicators:</i>	<i>Targets:</i>
<ul style="list-style-type: none"> • Capital cost expenditures by SMEs in rural areas • Dollar amount raised by labour-sponsored funds • Percentage of dollar amount leveraged on ACOA financing continuum projects 	<ul style="list-style-type: none"> • \$60 million • \$10 million • 50%
<i>Performance Measurement Strategy:</i> Analysis of data from Statistics Canada, internal systems, project reviews and evaluations, as well as published documents from venture capital firms and industry associations.	

The Agency’s objective is to ensure the availability of a continuum of financing for Atlantic small and medium-sized enterprises so that all companies can reasonably access the financing they require at all stages of their life cycle, thus supporting their successful growth to maturity. ACOA recognizes that entrepreneurs and Atlantic SMEs need access to adequate debt financing from institutions such as banks and credit unions, and equity capital from angel investors, venture capital firms and public markets.

In Atlantic Canada, SMEs do not have access to as broad a diversity of financing products and institutions as exists in developed urban areas of other Canadian provinces. There are financing gaps that impede the development and growth of a number of Atlantic-based SMEs in a variety of industrial sectors and geographic regions. As a result, ACOA intervenes to stimulate the financial community to evolve toward filling these gaps. The Agency is interested in supporting projects that deliver access to new capital for Atlantic SMEs, promote capital retention in the region, and/or provide significant leveraging of funds from other sources.

As an example, the Agency collaborates with the First Angel Network Association to provide awareness seminars to entrepreneurs to help them become more knowledgeable of various financing instruments, of providers and their expectations, and of how to be better prepared to seek and obtain financing.

Until the gaps in the financing continuum are filled by other financial providers, ACOA provides, through the Business Development Program, direct assistance to fund selected areas of activities such as start-up, expansion and modernization.

Program Sub-activity:
1.1.6 Access to business information (Canada Business)

Expected Results: Access for Atlantic Canadians to accurate, timely and relevant business information.	
Indicator:	Target:
<ul style="list-style-type: none"> • Level of client satisfaction (percentage of clients indicating satisfaction with information received) 	<ul style="list-style-type: none"> • 75% to 80%
Performance Measurement Strategy: Analysis of data from client surveys.	

For Atlantic Canadians wishing to plan, launch or grow a business, having access to information on relevant government programs, resources and regulations is critical. Accordingly, the objective of Canada Business is to improve service to small business and start-up entrepreneurs by acting as a comprehensive source for information on government services, programs and compliance requirements. In this way, Canada Business reduces the complexity of dealing with various levels of government and helps facilitate the business development process.

This service is provided free of charge through a website and walk-in centres, and by phone. In Atlantic Canada, Canada Business service centres are located in each provincial capital city. Each location has a resource centre equipped with sophisticated market research databases, sample business plans and books that provide instruction to entrepreneurs.

Canada Business is a national initiative, with ACOA acting as the federal managing partner for Atlantic Canada. National co-ordination is facilitated by a secretariat located within Industry Canada.

Key objectives for the planning period include sustaining a high level of service to clients, making improvements to the website, and enhancing communication efforts to ensure that Atlantic Canadians can take full advantage of these services. Through these efforts, high levels of client usage and satisfaction are expected and will be tracked through client surveys.

For more information, see <http://canadabusiness.gc.ca>.

Strategic Outcome:

2. Dynamic and sustainable communities for Atlantic Canada

Indicators:	Five-year Targets: (2003-2004 to 2007-2008)		
<ul style="list-style-type: none"> • Increased capacity in community decision making, planning and delivery • Maintain or improve business survival rate of rural businesses 	<ul style="list-style-type: none"> • Economic development plans in place and community economic development underway • Stabilize or increase business survival rate of rural businesses 		
Performance Measurement Strategy: Analysis of data from Statistics Canada.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	146.5	96.8	96.7
<i>Human Resources (FTEs)</i>	198	191	191

The Atlantic economy is built on the region’s many geographic, linguistic and cultural communities. From small remote villages to larger urban centres, the opportunities and challenges vary significantly. ACOA focuses its efforts and strategies on community development as one of the key pillars of its overall strategy for the region. ACOA works in co-operation with various stakeholders – other levels of government, other federal government departments, non-government organizations, and community groups – to leverage support and overcome challenges.

One of the challenges facing Atlantic Canada is that some communities are experiencing an economic downturn. Such communities in transition are typically found in the region’s more rural and remote areas. They have limited economic capacity and infrastructure and require assistance to capitalize on economic opportunities. By taking a holistic approach, based on the realities of the given community, ACOA can help foster economic development through its support.

The limited economic capacity in First Nation communities is a fundamental development issue. Aboriginal communities benefit from ACOA’s work with stakeholders toward a strategic approach to development. Similarly, economic development of Francophone and Acadian communities requires all stakeholders’ involvement to achieve common goals.

Key Priority:

- *Help communities build their capacity and confidence in order to identify and co-ordinate the implementation of priorities for economic development in their region.*

The building of economic capacity in Atlantic communities relies to a large extent on community-level volunteer leadership through local economic development organizations and, to an increasing extent, there is a strong role for municipalities and local government. ACOA recognizes that building on these community-level partnerships is a critical factor of any community development strategy.

Program Activity:

2.1 Fostering the economic development of Atlantic communities

Expected Results: Enhanced business and economic opportunities for Atlantic Canada communities. Enhanced community collaborations.			
Indicators:	Targets:		
• Number of start-ups	• 700		
• Number of expansions	• 800		
• Dollar amount leveraged on community development projects/investments	• \$368.5 million		
Performance Measurement Strategy: Analysis of data from CBDC reports and internal systems.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	100.9	95.8	95.7
<i>Human Resources (FTEs)</i>	182	181	181

ACOA’s support to communities assists them to identify priorities and implement economic development projects. In some cases, these projects are supported by other community economic development organizations, like Community Business Development Corporations (CBDCs) and Regional Economic Development Organizations (REDOs), which provide financial and technical assistance to businesses and communities.

ACOA, through the Community Futures program, provides contributions to 41 CBDCs in rural Atlantic Canada. These contributions enable the CBDCs to provide an essential source of investment capital and micro-lending, as well as business counselling and skills development that focus on rural small enterprises. ACOA, in co-operation with other levels of government, also supports 52 REDOs. REDOs are responsible for the co-ordination, development and implementation of strategic economic development at the local and regional level. Both the CBDCs and REDOs are led by community-based boards of directors.

ACOA works in co-operation with communities by making strategic investments to capitalize on opportunities for sustainable economic growth and to build community development capacity. In doing so, ACOA invests in the development of critical economic development infrastructure, including strategic sectors, skills capacity, community assets and other key areas. ACOA’s main tool for community investment is the Innovative Communities Fund.

Economic capacity in First Nation communities is a key issue in the economic future of the region’s Aboriginal populations. Aboriginal communities in Atlantic Canada are small, often remote, and characterized by extremely high unemployment, a young rapidly

growing population (almost half the population is under 24 years of age and growing three times faster than the non-Aboriginal population). The majority of Aboriginals live on reserves, with lower average incomes, higher rates of poverty and lower levels of education attainment (including literacy). These factors have contributed to an underdeveloped segment of Atlantic Canadian population, which is struggling with significant internal capacity, business development and governance issues. As a result, interventions need to be at a much more fundamental level than in non-Aboriginal communities.

Several federal departments share in the responsibility for Aboriginal economic development. For its part, ACOA works in collaboration with Industry Canada and Indian and Northern Affairs Canada, in particular, to ensure a co-ordinated effort.

ACOA continues to make progress in identifying increased opportunities for Aboriginal economic development and in developing a more co-ordinated, team-like approach, both internally and in partnership with other federal departments. ACOA uses the flexibility of its existing programs to invest in priority areas jointly identified by government, Aboriginal businesses and communities: the development of management skills, productivity improvements, market expansions, innovation and access to financing.

Almost 300,000 Acadians and Francophones live in Atlantic Canada, representing roughly one-third of the nation's French-speaking population outside Quebec. The economic vitality of this population is critical to the health of the Atlantic Canadian economy. Agency consideration for this minority group is based in tradition and required by legislation. It should be noted that the official language minority community is entitled to particular consideration for constitutional reasons.

In addition to requirements flowing from the Charter of Rights and Freedoms, Section 41 of Canada's *Official Languages Act* requires federal institutions to enhance the vitality of the country's English and French linguistic minority communities, and to support and assist their development. In this respect, ACOA collaborates with several Acadian and Francophone organizations across the region. Beyond fulfilling the basic requirement of ensuring service in French to its Acadian and Francophone clientele, ACOA uses the Business Development Program, Innovative Communities Fund, and funds accessed through its partnerships to enable the official language minority community to engage in activities that promote economic development.

In 2007-2008, ACOA will continue to work with communities and community organizations to identify, develop and support projects that will improve areas of productivity and competitiveness in communities and their resources sectors. To the greatest extent possible, ACOA will aim to support strategies that obtain the best value for its investments in community economic development organizations.

Program Activity: 2.2 Special adjustment measures

Expected Results: Reduced impact of economic crisis.			
Indicator:		Target:	
<ul style="list-style-type: none"> • Presence of new/diversified economic activity 		<ul style="list-style-type: none"> • As determined by the objectives of each program 	
Performance Measurement Strategy: Evaluation of data from studies, surveys and internal evaluations.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	40.5	0	0
<i>Human Resources (FTEs)</i>	2	0	0

There are circumstances in which federal government decisions – or other events impacting an area for which the federal government has a mandate (e.g. the fishery) – have resulted in the need for a major economic adjustment in a community or region. From time to time, there is also a need for targeted interventions to address natural disasters. These measures are based on the appropriation of new funds that are delivered through ACOA as the economic development agency for Atlantic Canada. Each special adjustment measure will have specific objectives, clients and performance measures.

ACOA has been asked in the past, for example, to deliver adjustment programs that responded to the closure of military bases, the closure of the cod fishery, and the termination of the ferry service between New Brunswick and Prince Edward Island.

Typically, targeted funding is available for adjustment that is the result of a government decision or that clearly falls within the government’s mandate. Currently, the only targeted adjustment program being delivered by ACOA is the Saint John Shipyard Initiative, in response to the closure of the shipyard in Saint John, New Brunswick.

The Saint John Shipyard Initiative responds to the loss of manufacturing activities and the resulting economic impact on the province of New Brunswick. Its short-term results are: demonstration that redevelopment of site is financially feasible, application for assistance for site redevelopment, and site improvements. All projects proposed under the Saint John Shipyard Adjustment Initiative must be approved by May 31, 2007. All payments for these projects must be disbursed before the terms and conditions governing the program expire on May 31, 2008.

Program Activity: 2.3 Infrastructure programming

Expected Results: Enhanced infrastructure in urban, rural communities and public infrastructure.			
Indicator:	Targets:		
<ul style="list-style-type: none"> • Dollar value and number of projects by type* 	<ul style="list-style-type: none"> • \$308.8 million over a one-year period • 197 green municipal infrastructure projects • 1 local transportation infrastructure project 		
Performance Measurement Strategy: Analysis of data from Shared Information Management System for Infrastructure (SIMSI).			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	5.1	1.0	1.0
<i>Human Resources (FTEs)</i>	14	10	10

* Green municipal infrastructure and local transportation infrastructure.

Community infrastructure is an essential building block for community development. Investments in infrastructure ensure safe drinking water, effective waste management systems, and key transportation projects that facilitate the safe movement of people and goods. As well, strategic infrastructure that supports community development and economic growth can be a catalyst for a community to grow and prosper. ACOA, working with Infrastructure Canada and the Provinces, oversees and ensures the flow of federal funds allocated to each region through the various infrastructure funding streams. The priorities for Infrastructure Canada programs are green municipal infrastructure and local transportation infrastructure.

Community-based infrastructure programs are implemented by ACOA in the Atlantic region on behalf of the Government of Canada. Provinces and municipalities manage these projects. In most cases, the Government of Canada matches provincial contributions and generally provides up to one-third of the cost of infrastructure projects. Under various funds, Infrastructure Canada provides national co-ordination among delivery partners in the implementation of the projects.

ACOA's regional vice-presidents act as federal co-chairs on the federal-provincial infrastructure management committees. Financial resources in 2007-2008 include contribution and operating funds for the Infrastructure Canada Program, which is winding down. ACOA remains committed to the delivery of federal infrastructure initiatives and participates in the delivery of both the Municipal Rural Infrastructure Fund and the Canada Strategic Infrastructure Fund, with planned spending being reported through Infrastructure Canada.

For more information on infrastructure programming, see Infrastructure Canada's website at http://www.infrastructurecanada.gc.ca/index_e.shtml.

Strategic Outcome:
3. Policies and programs that strengthen the Atlantic economy

Indicator:	Target:		
<ul style="list-style-type: none"> Atlantic regional programs/initiatives implemented or adjusted as a result of ACOA policy work 	<ul style="list-style-type: none"> Continued government support to Agency priorities, collaboration with other federal departments, and engagement with other partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy 		
Performance Measurement Strategy: Analysis of information from ACOA's Policy Network and key informant survey, as well as indicators from the federal government's budget speech, Speech from the Throne, and decisions by central agencies.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	14.1	13.9	13.8
<i>Human Resources (FTEs)</i>	113	111	111

ACOA's legislated mandate situates the Agency's policy, advocacy and co-ordination roles as central to identifying opportunities and challenges facing the regional economy. Policy, advocacy and co-ordination exist to inform and support decision making by the Agency and the Minister, providing intelligence, analysis and well-grounded advice on a broad range of issues and topics.

The three functions are interrelated. Policy is at the centre of the relationship because it provides the research, analysis and advice needed to help define the forward agenda and plan future regional development approaches tailored to Atlantic Canadian circumstances. This policy work supports and promotes advocacy claims and guides co-ordination efforts. These three roles encompass:

- mandated/legislative issues;
- strategic program direction and approach; and
- horizontal issues that broaden ACOA's economic focus to include social, environmental and cultural dimensions.

Many of the issues facing the Atlantic economy relate, either directly or indirectly, to the region's competitiveness. Therefore, ACOA's efforts, in conjunction with other partners and stakeholders, strive to develop strategies and approaches to address these. For instance, the federal economic plan, *Advantage Canada*¹³, recognizes the importance of continued innovation in order to maintain a competitive advantage and create better jobs. To this end, ACOA program investments have helped in developing new technologies through support for regionally based research and development. However, continued

¹³ *Advantage Canada – Building a Strong Economy for Canadians*, Finance Canada (2006).

efforts involving both policy and programs are needed to assure the realization of commercial opportunities for those developments.

The resource sector is facing challenges related to resource constraints and continued competitive pressures. ACOA will work with other partners and stakeholders to help renewable resource sectors such as agriculture, forestry and fisheries/aquaculture in the Atlantic region to diversify, innovate and shift to higher value-added activities, thereby helping them to be better positioned to compete globally.

Population decline is another important challenge facing the Atlantic economy. The region's aging population and the population shift within the region indicate that strategies and approaches are needed to focus on creating a more dynamic labour market situation. Therefore, ACOA continues to focus its policy, advocacy and co-ordination efforts to facilitate the transition occurring in the workforce.

Placing an emphasis on exploring options and capitalizing on opportunities is important for ACOA. The federal economic plan, for example, has identified gateways as a priority for Canada, and recognizes the east coast as an important link in international trade routes. This is a key priority for ACOA in terms of sustainable regional economic growth and the region's contribution to enhanced national economic productivity and global competitiveness.

These priorities are among the key sectoral and horizontal issues on which the Agency will focus its policy, advocacy and co-ordination efforts during 2007-2008. In total, these priorities, known as Advocacy Champion files, include aerospace and defence, energy, environment, science and technology, commercialization, aquaculture, resource industries, the Atlantic Gateway, population and immigration, and bioscience.

In developing and advancing these champion files, ACOA will continue to engage other policy stakeholders and work in partnership with other public and private sector stakeholders while advocating the Atlantic region's interests at the national level.

The following policy, advocacy and co-ordination sections will provide more insight into the types of planned activities and key results the Agency plans to achieve.

Program Activity: 3.1 Policy

Expected Results: Strategic, researched policy decisions reflecting the opportunities and challenges of the Atlantic region’s economy, while considering enterprise and community development potential.			
Indicator:	Target:		
<ul style="list-style-type: none"> • Extent to which policy analysis and research projects are useful and/or provide input into decision making with respect to Atlantic regional economic development, including enterprise and community development supports and services 	<ul style="list-style-type: none"> • Continue to provide sound advice to decision makers through policy analysis on challenges and opportunities facing the Atlantic economy, such as key transportation opportunities, and increased competitiveness in renewable resource industries, and others 		
Performance Measurement Strategy: Annual analysis of information from project reports, key informant survey managed by the Agency’s policy network, and Atlantic Policy Research Initiative reports. In addition, every five years, the Agency will conduct a formal evaluation to measure the two indicators “Impact of new policies/strategies on programs and initiatives” and “Usefulness and impact of studies.”			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	7.7	7.5	7.4
<i>Human Resources (FTEs)</i>	35	35	35

ACOA’s policy work provides a well-grounded base of understanding for the development of ACOA’s strategic priorities and initiatives, for program design, and as input to national policy development and federal-provincial relations. This includes the development of policies, frameworks and advice.

The policy function is carried out by ACOA officials at its head office, regional offices, and its Ottawa office. It is supported by internal and external research on significant Atlantic economic issues; through ongoing analysis of issues and trends, challenges, and opportunities facing the region; and through stakeholder engagement. ACOA’s policy function is also supported by a dedicated research program, the Atlantic Policy Research Initiative (APRI), which funds region-wide research projects and is designed to contribute to building the critical mass of public policy research in Atlantic Canada.

The policy function is supported by the following program sub-activities: Policy Analysis and Advice, Economic Analysis, Policy Research, and Engagement. The policy agenda reflects emerging regional, provincial and local economic issues, structural challenges and sectoral opportunities in the region’s economy. ACOA’s process of identifying areas requiring policy work includes the following.

- Regular scanning of policy initiatives of other federal departments and other jurisdictions (provincial, international), particularly new directions in the national policy environment.
- Keeping informed of emerging trends in major framework areas (e.g. fiscal framework, taxation, sectoral policy areas).

- Identifying opportunities for the region in areas such as trade, investment and growth sectors, via research and consultation.
- Developing federal and ACOA strategies to realize key opportunities.
- Maintaining a process of engagement and consultation on policy issues to connect the Agency with the public; with its clients; and with various economic stakeholders who have a role in defining the issues and in choosing the best or most acceptable solutions.

An important part of the policy development model of ACOA, which encompasses APRI-sponsored projects as integral components, is the effectiveness with which results from research or engagement events are disseminated to a wide audience. This occurs at two levels – within ACOA (up to and including the Minister) and with audiences outside ACOA.

In 2007-2008, ACOA intends to focus its policy work on examining: key transportation opportunities for the region; the potential for increased competitiveness through greater diversification in the region's renewable resource industries; the impact of ACOA's community development initiatives; possibilities for enhanced commercialization of new products and technologies in the region; and skills development issues. The Agency's policy activities also support the work of the advocacy champions and the federal-provincial senior officials committee.

Key Priorities:

- *Carry out policy analysis and research to determine the areas in which ACOA can act to carry out its mandate most effectively.*
- *Explore the feasibility and options for improved productivity and competitiveness in the renewable resource sectors.*
- *Conduct studies and undertake other activities targeting the Atlantic Gateway, to devise a corporate strategy.*

Program Activity: 3.2 Advocacy

Expected Results: Federal policies and programs that reflect Atlantic enterprise and community development needs and interests.			
Indicator:	Target:		
<ul style="list-style-type: none"> Impact of Agency positions taken with respect to policy and programs and the government's capital procurement agenda 	<ul style="list-style-type: none"> Increase the impact and influence of ACOA participation on horizontal, sectoral and other files important to Atlantic Canada 		
Performance Measurement Strategy: Analysis of data from interviews with senior officials of economic development departments, and from the Agency's files and procurement network.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	4.1	4.1	4.1
<i>Human Resources (FTEs)</i>	49	49	49

ACOA's advocacy function is twofold. It aims to advance the region's interests in national policy and program development in order to ensure government initiatives are more responsive to the needs of Atlantic Canada. It also pursues regional industrial benefits from public sector procurement, particularly major Crown projects, to improve the position of Atlantic industries.

The effective promotion of Atlantic Canada's interests is accomplished through environmental scanning, monitoring of the federal government's priorities for linkages and impacts, alerting and advising government officials on emerging issues, feeding information about Atlantic Canada to central agencies, other government departments and to Cabinet, and influencing the government's procurement agenda.

Through its advocacy role, ACOA directs the attention of central agencies and other government departments to gaps in national programs and seeks their support for more effective approaches for Atlantic Canada. Advocacy by ACOA also assists Atlantic Canadian firms to be better positioned to access government procurement, support and services.

Since early 2005, the Agency has focused its advocacy efforts on key priorities, each led by a champion. The objective of having defined priorities is to ensure national policies and programs reflect the regional context and promote Atlantic Canadian opportunities. These advocacy priorities are reviewed and revised on an annual basis to reflect emerging Atlantic priorities and the changing federal agenda. For 2007-2008, ACOA's priorities include: aerospace and defence; aquaculture; science and technology; commercialization; energy; and population and immigration. In addition, four new advocacy areas are added to the list. They are: the Atlantic Gateway, bioscience, environment and resource industries.

The aerospace and defence advocacy priority serves to promote Atlantic companies for major federal procurement projects within the federal industrial regional benefits (IRB) policy. For 2007-2008, IRBs will be pursued from projects announced under the Department of National Defence's "Canada First" initiative, including strategic airlift, tactical airlift, joint support ships, military trucks and medium-to-heavy-lift helicopters. ACOA's advocacy serves to make multi-national companies aware of Atlantic Canadian industrial capacity and encourages bidders to work and to partner with these companies on projects. To increase the readiness of Atlantic companies, the Agency will offer awareness-building sessions and provide information on upcoming federal procurement opportunities. As part of this advocacy function, the Agency will monitor the ongoing development of federal procurement policies from a regional perspective.

The aquaculture sector is an industry of strategic importance to Atlantic Canada, as it represents opportunities for wealth generation, employment creation, and diversification for the region's rural and coastal communities. In 2007-2008, the Agency's focus will be on innovation, R&D and commercialization of new technologies. In addition, the Agency will work closely with the Department of Fisheries and Oceans and the Atlantic provincial governments on the development of an Aquaculture Framework Agreement (AFA). This participation will ensure that the AFA addresses the needs of the Atlantic industry, as identified through various aquaculture networks.

The Agency's science and technology priority will focus its efforts to take advantage of the federal commitment to developing a comprehensive excellence-based science and technology strategy. It will promote better alignment of university and private sector research to help bring to market new technologies and innovations by Atlantic Canada enterprises. The Agency, as part of its commercialization priority, will aim to develop the conditions to better enable the commercial applications of university-led research and development, working with consortiums such as Springboard Atlantic and other partners.

The federal strategy also identified measures to better align post-secondary research capacity with the needs of business, and within sectors where Canada could become a world leader, such as energy, environmental technologies and health science. Under the energy priority, the Agency will focus on the development of advice, strategies, plans, workshops and projects intended to assist in the attraction of investment in the Atlantic Canada energy sector and to assist in the development of commercial opportunities for Atlantic Canada energy. The environment priority will develop, in collaboration with other federal departments, strategies and plans to assess and identify innovation and business opportunities within the government's environment agenda and clean energy initiatives.

The Agency's population and immigration priority will focus on the development of an Atlantic Canada immigration approach to attracting and retraining skilled individuals in priority sectors of the Atlantic economy. The Agency will participate in ongoing federal skills development strategies that will enhance post-secondary education, train workers to respond to the knowledge-based economy, and retrain older workers to participate more effectively in the workforce.

The Agency's newest priorities align with emerging federal priorities on a number of issues related to economic development. The federal government's comprehensive long-term plan for infrastructure includes specific reference to gateways in the west and east. ACOA, through its advocacy priority, will facilitate the development and implementation of an integrated Atlantic Gateway, which will include corridors that connect ports of entry, such as Halifax, to the rest of the Atlantic region and to other ports such as Montreal and Quebec City. To this end, the Agency will work closely with other federal departments to ensure the Atlantic Gateway is integrated and consistent with the National Framework for Strategic Gateways and Trade Corridors.

In keeping with the government's science and technology strategy, bioscience has been identified as a new advocacy priority for the Agency. Atlantic Canada has an excellent record of research and development in health sciences, fish growth science, and food processing, which will serve as a solid foundation for future growth. The focus of advocacy activity will be on federal investments in bioscience that could bridge the gap between research and development and commercialization applications.

A significant portion of the economy in Atlantic Canada relies on the viability of its natural resources. New approaches are needed to reposition these industries so they can better meet market demands within a global economy. The Agency will develop an action plan to identify means to diversify the region's renewable resource base, which includes forestry, fishery/aquaculture and agriculture. The plan will focus on ways to make the region's natural resource sectors more competitive by increasing productivity levels and by moving toward higher end products and services.

Key Priorities:

- *Advocate the interests of Atlantic Canada, to make new government initiatives more responsive to the needs of Atlantic Canada, through Advocacy Champion files.*
- *Conduct studies and undertake other activities targeting the Atlantic Gateway, to devise a corporate strategy.*

Program Activity: 3.3 Co-ordination

Expected Results: Co-ordination of other federal departments' and other stakeholders' policies and programs within the region to form integrated approaches to development.			
Indicator:	Target:		
<ul style="list-style-type: none"> • Joint strategic initiatives that reflect common positions on defined enterprise and community issues 	<ul style="list-style-type: none"> • Develop strategic initiatives through collaborative efforts with other federal and provincial partners on issues such as population, productivity and competitiveness, and access to capital, among others 		
Performance Measurement Strategy: Annual targets will be measured through analysis of data from ACOA's policy network and the Privy Council Office (Intergovernmental Affairs). Five-year targets will be measured through analysis of data from project reports and interviews.			
	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
<i>Financial Resources (\$ millions)</i>	2.3	2.3	2.3
<i>Human Resources (FTEs)</i>	29	27	27

ACOA's mandated co-ordination role aims to ensure that all groups and parties with a responsibility for, or an interest in, economic development work together to minimize duplication of effort and maximize collaboration. Although the mandate covers only the development activities of other federal departments and agencies active in Atlantic Canada, ACOA's co-ordination role has expanded to include important federal-provincial activities, as well as joint initiatives with the federal development agencies in other parts of Canada. Other groups engaged include post-secondary institutions, the private sector and its organizations, and non-governmental bodies.

These and other efforts will continue in 2007-2008. For example, new federal-provincial population-related initiatives are ready to be implemented. These will seek to respond to the challenges facing the region's economic growth due to population decline and aging. Citizenship and Immigration Canada and the Provinces are funding partners to this arrangement. Human Resource and Social Development Canada helped develop the initiatives and remains involved as it delivers its own immigrant-related programs. ACOA will continue to explore joint approaches to development issues with the Atlantic Provinces through the federal-provincial senior officials committee (SOC).

The SOC's working tables identify, define and explore issues and challenges in productivity and competitiveness, innovation, access to capital, and population-related areas including skills. Other federal-provincial teams develop concepts and plans to rejuvenate the region's resource-based industries, and to realize the potential of an Atlantic Gateway as an integral part of Canada's trade with the rest of the world.

ACOA's relationship with other federal bodies has taken on increased importance in recent years. Frequent consultation with central agencies will continue. Discussions with other regional development agencies will ensure a co-ordinated approach to issues that affect the regions of Canada. On another level, federal councils, operate within each of

the provinces. ACOA is both chair of, and participant in, these councils. These provide a forum for federal departments to discuss their ongoing initiatives and to inform of new ones. In 2007-2008, these councils will address an array of topics relevant to the region, including federal assistance to Aboriginal communities in New Brunswick and Newfoundland and Labrador; an awareness event, focusing on citizen-centred service delivery and development of a renewed service culture in the public service in Nova Scotia; and a learning partnership with Veterans Affairs Canada in Prince Edward Island.

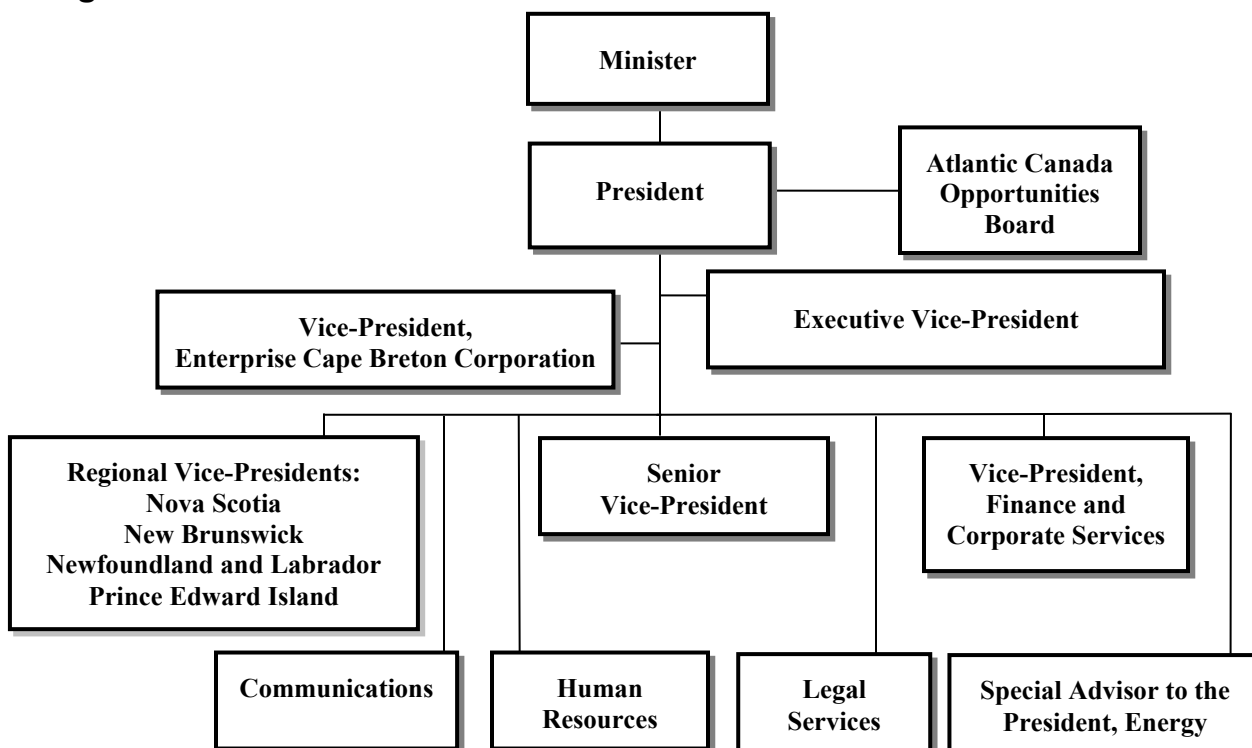
Key Priority:

- *Conduct studies and undertake other activities targeting the Atlantic Gateway, to devise a corporate strategy.*

Section III – Supplementary Information

Organizational Information

Organizational Structure



More information on people in charge and the organizational structure of ACOA may be found at <http://www.acoa-apeco.gc.ca/e/about/people.shtml>.

Accountability

The Minister of the Atlantic Canada Opportunities Agency is responsible for the policies and programs designed to encourage economic development in Atlantic Canada and, particularly, to enhance the growth of earned incomes and employment opportunities. The Minister is also responsible for the Enterprise Cape Breton Corporation (ECBC).

The President of ACOA is located in Moncton, New Brunswick. The President is also the Chair of the Atlantic Canada Opportunities Board, President and CEO of ECBC, and Chair of ECBC's Board of Directors.

While ECBC and ACOA have a close working relationship, ECBC is a separate entity. It is a Crown corporation that reports separately to Parliament.

Atlantic Canada Opportunities Board

Members of the Atlantic Canada Opportunities Board provide direction and support through expert advice to the President and Minister on a broad spectrum of Agency strategy and policy matters. This board includes the President of ACOA as Chair, and seven other members who are successful entrepreneurs, business professionals and community leaders from each of the four Atlantic provinces. The Governor in Council appoints board members on the recommendation of the Minister.

Agency Organization

Twenty years ago, ACOA's mandate and organizational structure were determined following consultations with Atlantic Canadians across the region. The establishment of a federal organization charged with regional economic development in Atlantic Canada was announced on June 6, 1987. The Agency has 36 regional and field offices in cities and towns across the four Atlantic provinces. Consequently, ACOA's funding and policy decisions are made by and for Atlantic Canadians.

The President of ACOA is responsible for the administration of the Agency's operations and its employees. Located in Moncton, New Brunswick, ACOA's head office is home to the President's Office, as well as the branches responsible for Policy and Programs, Finance and Corporate Services, Human Resources, Communications and Legal Services.

The Executive Vice-President is based in the Agency's head office and assists the President in the management of the Agency's operations and in the fulfillment of activities and responsibilities assigned to deputy heads.

The Senior Vice-President has corporate responsibility for program areas and policies, as well as delivery of the pan-Atlantic projects and initiatives. Regional vice-presidents located in each provincial capital are responsible for the delivery of ACOA programs. Based in Sydney, Nova Scotia, the Vice-President of ECBC is responsible for delivering ACOA's programs on Cape Breton Island. Through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in both the policies and programs developed by other departments and agencies of the federal government. This office, which reports to the Senior Vice-President, also works to ensure Atlantic Canadians are aware of and able to take advantage of the opportunities to provide services and products to the Government of Canada.

Key Responsibilities

- Senior Vice-President
 - Policy and programs
 - Regional level co-ordination of priorities and programs
 - Delivery of pan-Atlantic agreements
 - Advocacy and procurement
 - Co-ordination of federal-provincial relations

- Vice-President, Finance and Corporate Services
 - Finance and Administration
 - Corporate Secretariat
 - Corporate Planning and Performance Management
 - Chief Information Office Directorate
 - Ministerial Liaison Office
 - Audit (administrative relationship)
- Vice-presidents working in each of the Atlantic provinces
 - Federal-provincial development strategy
 - Delivery of services and programs at provincial and local levels
 - Liaison with provinces, business community and other stakeholders
 - Tourism Atlantic (Vice-President, Prince Edward Island)

Agency links to the Government of Canada's outcome areas

Strategic Outcome • Program Activity	Budgetary		Total Main Estimates	Adjustments (Planned Spending not in the Main Estimates)	Total Planned Spending
	Operating	Grants and Contributions			
Competitive and sustainable Atlantic enterprises, with emphasis on those of small and medium size					
• Fostering the development of institutions and enterprises, with emphasis on those of small and medium size	53.0	152.8	205.8	2.8	208.6
Dynamic and sustainable communities for Atlantic Canada					
• Fostering the economic development of Atlantic communities	20.9	79.9	100.8	0.1	100.9
• Special adjustment measures	0.3	40.2	40.5	0.0	40.5
• Infrastructure programming	1.6	3.5	5.1	0.0	5.1
Policies and programs that strengthen the Atlantic economy					
• Policy	4.9	2.8	7.7	0.0	7.7
• Advocacy	4.1	0.0	4.1	0.0	4.1
• Co-ordination	2.3	0.0	2.3	0.0	2.3
Total	87.1	279.2	366.3	2.9	369.2

All program activities contribute to the achievement of the Government of Canada's "Strong Economic Growth" outcome area.

Tables and Templates

Table 1: Agency Planned Spending and Full-time Equivalents

(\$ millions)	Forecast Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009	Planned Spending 2009-2010
Fostering the development of institutions and enterprises, with emphasis on those of small and medium size	281.0	205.8	214.9	211.5
Access to business information	2.8	0.0	0.0	0.0
Fostering the economic development of Atlantic communities	42.8	100.8	95.8	95.7
Special adjustment measures	24.5	40.5	0.0	0.0
Infrastructure programming	13.9	5.1	1.0	1.0
Policy	11.0	7.7	7.5	7.4
Advocacy	4.1	4.1	4.1	4.1
Co-ordination	1.8	2.3	2.3	2.3
Total Main Estimates	381.7	366.3	325.6	322.0
Adjustments:				
Procurement savings	(0.7)	0.0	0.0	0.0
Spending restraint	(0.7)	0.0	0.0	0.0
Collective bargaining agreements	0.5	0.0	0.0	0.0
Canada Business Service Centres	0.0	2.6	2.6	0.0
Internal audit	0.3	0.3	0.0	0.0
Supplementary Estimates				
Funding for projects that improve the quality of the environment and contribute to the national goals of clean air and water (Infrastructure Canada Program)	7.0	0.0	0.0	0.0
Operating budget carry forward	3.9	0.0	0.0	0.0
Transfer from Treasury Board Secretariat – to provide more effective, responsive and integrated development and delivery of federal programs and services in regions through Federal Regional Councils	0.4	0.0	0.0	0.0
Transfer from Office of Infrastructure Canada – for the Canada Strategic Infrastructure Fund relating to investments in public infrastructure projects designed to improve the quality of life in both urban and rural communities	0.1	0.0	0.0	0.0
Transfer to Transport Canada – to provide financial support to maintain the Saint John / Digby ferry service	(1.0)	0.0	0.0	0.0

<i>Total Adjustments</i>	9.8	2.9	2.6	0.0
Total Planned Spending	391.5	369.2	328.2	322.0
Less: Non-responsible revenue	58.0	57.0	57.0	57.0
Plus: Cost of services received without charge	6.2	6.6	6.6	6.6
Total Agency Spending	339.7	318.8	277.8	271.6
Full-time Equivalents	713	757	757	725

Forecast Spending 2006-2007

- The Agency's total authorities are \$391.5 million, consisting of Main Estimates of \$381.7 million, augmented by: \$9.0 million through Supplementary Estimates, and \$0.8 million approved by Treasury Board due to settlements under collective bargaining agreements and incremental funding for internal audit.
- Adjustments of \$9.0 million through Supplementary Estimates included \$7 million in funding for projects under the Infrastructure Canada Program, \$3.9 million under the operating budget carry forward, \$0.4 million in additional support for Federal Regional Councils, \$0.1 million for the Canada Strategic Infrastructure Fund, minus a transfer of \$1 million to Transport Canada for the Saint John / Digby ferry service and offsets totalling \$1.4 million related to procurement savings and reduction in the size of the ministry (as the Minister of ACOA is also the Minister of Foreign Affairs and International Trade Canada).

Planned Spending 2007-2008

Planned spending in 2007-2008 decreases by \$22.3 million from 2006-2007, of which

- \$17.2 million is in transfer payments:
 - a reduction of \$17.8 million in requirements through the winding down of the Infrastructure Canada Program (replaced by the Municipal Rural Infrastructure Fund with funding and expenditures reported by Infrastructure Canada);
 - a reduction of \$6.3 million from the government-wide Expenditure Review Committee;
 - an increase of \$5.7 million due to adjustments in collections from repayable contributions; and
 - an increase of \$1.2 million arising from other minor programming adjustments.
- \$5.1 million is in operating expenditures:
 - a reduction of \$0.7 million from the government-wide Expenditure Review Committee;
 - a reduction of \$0.2 million in the cost of employee benefit plans;
 - a reduction of \$3.9 million in costs of operations funded through the operating budget carry forward; and
 - other adjustments of \$0.3 million.

The change in FTEs from 2006-2007 to 2007-2008 is primarily due to the conversion of contracted resources.

Planned Spending 2008-2009

Planned spending in 2008-2009 decreases by \$41.0 million from 2007-2008, primarily due to the sunsetting of \$40.5 million in requirements for the Saint John Shipyard Adjustment Initiative.

Planned Spending 2009-2010

Planned spending in 2009-2010 decreases by \$6.2 million from 2008-2009, due to:

- a reduction of \$3.9 million from funds made available for programming, as a result of excess collections from repayable contributions;
- a reduction of \$2.6 million and 32 FTEs from the sunsetting of funding for the Canada Business Service Centres; which is offset by
- an increase of \$0.3 million from other minor adjustments.

Table 2: Voted and Statutory Items

Vote		2007-2008 Main Estimates	2006-2007 Main Estimates
1	Operating expenditures	79.1	82.8
5	Grants and contributions	279.2	290.4
(S)	Contributions to employee benefit plans	8.0	8.5
	Total	366.3	381.7

Table 3: Services Received Without Charge

Accommodations, provided by Public Works and Government Services Canada	3.2
Contributions covering the employer's share of employees' insurance premiums and expenditures paid by the Treasury Board of Canada Secretariat (excluding revolving funds)	3.1
Salaries and associated expenditures of legal services, provided by Justice Canada	0.3
Total	6.6

Table 4: Sources of Non-respendable Revenue

	Forecast Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009	Planned Revenue 2009-2010
Fostering the development of institutions and enterprises, with emphasis on those of small and medium size				
Repayable contributions	56.0	55.0	55.0	55.0
All other	2.0	2.0	2.0	2.0
Total	58.0	57.0	57.0	57.0

More information on non-respendable revenue may be found at <http://www.acoa-apeca.gc.ca/e/financial/repayable/index.shtml>.

Table 5: Resource Requirements by Branch

Branch	Program Activity	Fostering the development of institutions and enterprises, with emphasis on those of small and medium size	Fostering the economic development of Atlantic communities	Special adjustment measures	Infrastructure programming	Policy	Advocacy	Co-ordination	Total Planned Spending
Newfoundland and Labrador		59.9	22.9	0.0	1.6	0.9	0.5	0.5	86.3
Prince Edward Island		28.2	11.2	0.0	0.4	0.3	0.3	0.3	40.7
New Brunswick		45.6	27.9	40.5	0.8	0.9	0.9	0.5	117.1
Nova Scotia		47.6	23.9	0.0	2.3	0.8	0.8	0.7	76.1
Corporate*		27.3	15.0	0.0	0.0	4.8	1.6	0.3	49.0
Total		208.6	100.9	40.5	5.1	7.7	4.1	2.3	369.2

*Includes the Minister's and President's Offices, Human Resources, Finance and Corporate Services, Legal Services, Communications, and Policy and Programs.

Budgets are allocated proportionally across provinces, but cash flow requirements for major projects will result in budget variances from year to year.

Table 6: Transfer Payments Programs

Information templates have been completed regarding each transfer payment program where total transfer payments will exceed \$5 million in 2007-2008.

1. Atlantic Innovation Fund
2. Business Development Program
3. Community Futures Program
4. Innovative Communities Fund
5. Saint John Shipyard Adjustment Initiative

Further information on these projects can be found at http://www.tbs-sct.gc.ca/est-pre/20072008/p3a_e.asp.

Table 7: Horizontal Initiatives

Horizontal initiatives for which ACOA acts as the lead partner:

Atlantic Canada Tourism Partnership (ACTP)
<http://www.actp-ptca.ca/>

International Business Development Program (IBDP)
<http://www.acoa-apecca.gc.ca/e/ibda/index.shtml>

Team Canada Atlantic (TCA)
<http://www.teamcanadaatlantic.ca/>

Other horizontal initiatives for which ACOA acts as a partner:

Canadian Rural Partnership
http://rural.gc.ca/home_e.phtml

Team Canada Inc. (TCI)
http://www.pch.gc.ca/progs/ac-ca/progs/rc-tr/progs/canada-inc/index_e.cfm

Infrastructure Canada Program (ICP)
Canada Strategic Infrastructure Fund (CSIF)
Municipal Rural Infrastructure Fund (MRIF)
http://www.infrastructurecanada.gc.ca/ip-pi/index_e.shtml

Enhanced Representation Initiative (ERI)
http://webapps.dfait-maeci.gc.ca/minpub/Publication.asp?publication_id=380348&Language=E

Canada Business Service Centres (CBSCs)
<http://www.cbsc.org/>

Information on these (and all other) Government of Canada horizontal initiatives can be found on the Treasury Board of Canada Secretariat Horizontal Results Database at http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp.

Table 8: Sustainable Development Strategy (SDS)

ACOA's *Sustainable Development Strategy 2007-2010 – Moving Forward on Sustainable Development* responds to feedback from both external and internal consultations to promote the use of innovative eco-efficiency tools, practices and technologies, and to inform both the private sector and communities of the benefits of sustainable development.

ACOA impacts sustainable development through:

- policies and programs that inform and fund private sector businesses;
- support for research and development that leads to commercialization of new technology;
- support to communities through infrastructure program funding; and
- the efficiency of its internal operations.

ACOA's SDS 2007-2010 is available at: <http://www.acoa-apeca.gc.ca/e>.

Federal SDS goals supported (link between Agency's SDS goal and federal SDS goals)	Performance Measures from Agency's current SDS (Indicators)	Agency's 2007-2008 Expected Results (Outcomes)
Agency's SDS Goal: Priority 1 – Support to Business		
Goal 1 Water Goal 2 Clean Air	<ul style="list-style-type: none"> • # of sessions given • # of SMEs attending sessions • # of SMEs receiving SD reviews/audits 	1.1 Increased awareness by SMEs of SD and its potential benefits to their organizations
Goal 3 Reduce greenhouse gas emissions Goal 4 Sustainable Communities	<ul style="list-style-type: none"> • # of information sessions with stakeholders 	1.2 Increased awareness by stakeholders of the importance of their involvement in providing SD services to SMEs
Goal 5 Sustainable development and use of natural resources	<ul style="list-style-type: none"> • # of information sessions • # of federal partners who participate in sessions 	1.3 Improved access to SD government programs and services
Goal 6 Strengthen federal governance and decision making to support sustainable development	<ul style="list-style-type: none"> • # of SMEs (ACOA clients) undertaking sustainable development practices in their operations • # of SMEs adopting/developing new technologies 	1.4 SMEs implement/adopt SD practices and/or technologies
Agency's SDS Goal: Priority 2 – Support to Communities		
Goal 1 Water Goal 4 Sustainable Communities	<ul style="list-style-type: none"> • # of information sessions 	2.1 Awareness of opportunities for community sustainable development
	<ul style="list-style-type: none"> • # of green infrastructure projects 	2.2 Improved, sustainable community infrastructure

	<ul style="list-style-type: none"> • # of collaborations in community development planning and implementation • \$ leveraged on community development projects/investments 	2.3 Sustained community partnerships/collaboration to explore/develop/capitalize on SD opportunities
Agency's SDS Goal: Priority 3 – Awareness and Capacity Building		
Goal 3 Reduce greenhouse gas emissions	<ul style="list-style-type: none"> • # of presentations delivered/documents provided or presented 	3.1 Provinces and other federal government departments/agencies are aware of ACOA's vision for SD in Atlantic Canada
Goal 5 Sustainable development and use of natural resources	<ul style="list-style-type: none"> • # of partnerships established through sub-committees 	3.2 Coherent approach to achieving federal SD priorities by federal departments in Atlantic Canada
Agency's SDS Goal: Priority 4 – Setting an Example		
Goal 2 Clean Air	<ul style="list-style-type: none"> • # of workshops/training sessions offered 	4.1 Staff are aware and knowledgeable of how they can and should contribute to ACOA's SDS and the importance of their contribution
Goal 3 Reduce greenhouse gas emissions	<ul style="list-style-type: none"> • Communications plan established • # of SD communications products developed and distributed 	
Goal 5 Sustainable development and use of natural resources	<ul style="list-style-type: none"> • # of visits to ACOA's SD intranet site • # of incremental SD practices • # of SD committees established 	
Goal 6 Strengthen federal governance and decision making to support sustainable development	<ul style="list-style-type: none"> • # of information sessions held • # of staff attending sessions 	4.2 Staff are aware of the SD programs and services available to ACOA clients
	<ul style="list-style-type: none"> • The corporate work plan and all regional work plans contain SD activities • Human and financial resources allocated to SD 	4.3 Increased senior management commitment to SD
	<ul style="list-style-type: none"> • % of remanufactured cartridges purchased • # of existing supplies replaced by green products • # of energy efficient equipment purchased 	4.4 Emphasize green procurement
	<ul style="list-style-type: none"> • % of hybrid and energy efficient vehicles of total fleet 	4.5 Purchase of hybrid or fuel efficient vehicles
	<ul style="list-style-type: none"> • # of landlords with whom negotiations have been initiated • # and types of energy reduction measures implemented 	4.6 Reduce amount of energy consumed in offices

Table 9: Internal Audits and Evaluations

Name of Internal Audit or Evaluation	Audit or Evaluation Type	Status	Expected Completion Date
INTERNAL AUDITS:			
2007-2008			
Trade – comprehensive audit	Transfer Payment	Planned	June 2007
Tourism – comprehensive audit	Transfer Payment	Planned	June 2007
Finance and Administration (New Brunswick region) – comprehensive audit	Operations and maintenance	Planned	September 2007
Organizational Governance – comprehensive audit	Organizational governance	Planned	August 2007
Chief Information Office Directorate: Information technology high-risk areas – comprehensive audit	Information technology	Planned	December 2007
Grants and contributions payment system – reliability audit	Transfer Payment	Planned	March 2008
Follow-up engagements	Follow-up	Planned	December 2007
Selected government-wide sectoral, thematic or horizontal audits	Horizontal audits	Planned	March 2008
Specialized projects – compliance audit	Transfer Payment	Planned	March 2008
Municipal and Rural Infrastructure Fund – compliance audit	Transfer Payment	Planned	June 2007
2008-2009			
Investment – comprehensive audit	Transfer Payment	Planned	2008-2009
Financing continuum – comprehensive audit	Transfer Payment	Planned	2008-2009
Finance and Administration (head office) – comprehensive audit	Operations and maintenance	Planned	2008-2009
Integrated Risk Management – comprehensive audit	Risk management	Planned	2008-2009
Chief Information Office Directorate: Information technology – areas of control not previously covered in 2007-2008 engagement – comprehensive audit	Information technology	Planned	2008-2009
Collection and Recovery	Transfer Payment – systems	Planned	2008-2009
Grants and contributions payment system – reliability audit	Transfer Payment – systems	Planned	2008-2009
Follow-up engagements	Follow-up	Planned	2008-2009

Selected government-wide sectoral, thematic or horizontal audits	Horizontal audits	Planned	2008-2009
Specialized projects – compliance audit	Transfer Payment	Planned	2008-2009
Municipal Rural Infrastructure Fund – compliance audit	Transfer Payment	Planned	2008-2009
Holistic Opinion on Governance, Risk Management and Internal Controls	Governance	Planned	2008-2009
2009-2010			
Grants and contributions monitoring system – comprehensive audit	Transfer Payment – systems	Planned	2009-2010
Municipal Rural Infrastructure Fund – compliance audit	Transfer Payment	Planned	2009-2010
Selected government-wide sectoral, thematic or horizontal audits	Horizontal audits	Planned	2009-2010
Specialized projects – compliance audit	Transfer Payment	Planned	2009-2010
Grants and contributions payment system – comprehensive audit	Transfer Payment – systems	Planned	2009-2010
Holistic Opinion on Governance, Risk Management and Internal Controls	Governance	Planned	2009-2010
INTERNAL EVALUATIONS:			
2007-2008			
Strategic Community Investment Fund	Summative Evaluation	Ongoing	December 2007
Advocacy Evaluation	Implementation Evaluation	Ongoing	March 2008
International Business Development Program (IBDP)	Implementation Evaluation	Planned	March 2008
Saint John Shipyard (Industrial Development Program)	Summative Evaluation	Planned	March 2008
Saint John Shipbuilding (Sustainable Resource Policy)	Summative Evaluation	Planned	March 2008
Community Futures Program	Summative Evaluation	Planned	December 2008
2008-2009			
Business Development Program	Summative Evaluation	Planned	December 2009

2009-2010			
Infrastructure Canada Program	Summative Evaluation	Planned	March 2010
Atlantic Trade and Investment Partnership	Summative Evaluation	Planned	March 2010
Innovative Communities Fund	Summative Evaluation	Planned	March 2010
Atlantic Policy Research Initiative	Summative Evaluation	Planned	March 2010
Atlantic Innovation Fund	Summative Evaluation	Planned	March 2010
International Business Development Program (IBDP)	Summative Evaluation	Planned	March 2010

Internal Audit's main role is to provide strategically focused, objective and evidence-based audits and reviews to management to aid in decision making and strategic management and, ultimately, to facilitate program improvement and organizational learning. Internal audit achieves this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the Agency. It also provides conclusions regarding the Agency's compliance with established federal government laws, regulations and rules.

The Agency expects to review its evaluation plan to take into account the new evaluation policy from the Treasury Board of Canada. Depending on the content of this new policy, the type and timing of evaluations planned for the coming years may be adjusted.

Formative evaluations are conducted mid-cycle in the program (or policy or initiative) and examine the effectiveness of program implementation in order to facilitate improvements.

Summative evaluations are generally conducted toward the end of the program cycle and examine impacts to make conclusions about overall program effectiveness.

Implementation evaluations are expected to focus on implementation processes, management issues and program improvements. This evaluation type and the value-for-money assessment tool are new evaluation tools currently being developed by the Treasury Board of Canada Secretariat. ACOA intends to use the implementation evaluation in the case of Advocacy and IBDP.

Section IV – Other Items of Interest

Tourism Sector

As an economic sector, tourism offers significant wealth and job creation opportunities for Atlantic Canadians. Tourism accounts for almost 6% of the region's gross domestic product and generates \$3.075 billion in export revenues, \$500 million in tax revenues and provides 110,000 jobs for Atlantic Canadians.¹⁴

The Agency will continue to advance the competitiveness and sustainability of the tourism industry in Atlantic Canada through an integrated and co-ordinated regional tourism strategy. This strategy will focus on building tourism capacity and industry skills through market-readiness programs; increasing the industry's awareness of product and market opportunities through an expanded market intelligence network; supporting the establishment and modernization of the region's tourism products and experiences; and building upon the Agency's co-ordinated and strategic partnership approach to marketing Atlantic Canada as a preferred tourism destination. This strategy will result in the delivery of a wide and varied range of capacity-building, skills development, strategic marketing and capital investment initiatives.

In 2007-2008, the Agency will focus on:

- Delivering aftercare provisions for the Agency's sustainable tourism curricula, best practices programs, tourism technology and the improved market readiness of the region's tourism offer, from a quality-of-product and service perspective.
- Building tourism-related infrastructure and capacity in Atlantic Canada through the establishment, expansion and modernization of tourism businesses, and by focusing industry and government attention on the primary drivers of tourism.
- Supporting provincial governments and industry groups in charting tourism development priorities and strategies.
- Forming strategic niche marketing partnerships with industry groups, including the Atlantic Canada Cruise Association, Signature Attractions of Atlantic Canada, and other niche partnerships as they arise.
- Delivering the reinvigorated Atlantic Canada Tourism Partnership (ACTP), which addresses evolving market conditions, advances in technology, market intelligence and an expanded role for industry.

¹⁴ Statistical data presented in this section are from the following sources:

- *2005 New Brunswick Tourism Industry Performance Report*, Province of New Brunswick (December 2006).
- *Backgrounder: Year-End Provincial Tourism Performance 2005 and Tourism Outlook 2006*, Province of Newfoundland and Labrador, Department of Tourism Culture and Recreation (March 2006).
- *2005 Tourism: Industry Facts*, Province of Nova Scotia, Department of Tourism, Culture and Heritage (2006).
- *Year-end review: Tourism Performance 2005, Tourism Advisory Council*, Province of Prince Edward Island, Prepared under the authority of Tourism PEI (2006).

Provincial Economic Challenges

Despite the potential for economic opportunities associated with its rich oil and mineral resources and major projects, there are significant challenges in developing the provincial economy in **Newfoundland and Labrador**. Labour and skill shortages are being noted in various industries province-wide, due to out-migration and the shrinking size of the replacement pool available to cover retirements and new employment opportunities. Historic economic mainstays, such as the fishery and forestry, are hampered by pressures such as high input costs, global competition and the strength of the Canadian dollar. These challenges are felt particularly in rural communities, where the local economy is often based on a single resource-based industry, and the shrinking workforce has a high proportion of unskilled and older workers. It is increasingly difficult to find good ideas and opportunities for development and diversification in many remote rural communities in the province.

Prince Edward Island's main challenges in promoting business growth are to achieve further economic diversification through cluster development in the bio-resource, aerospace, information and communications technology, tourism, and wind energy sectors, along with key developments in the natural resources and transportation sectors. Human capital development, combined with more highly developed immigration policy approaches, will be a vital lever of economic growth in both the short and long terms.

In **Nova Scotia**, natural gas production is projected to increase, but not enough to counteract the declining forestry, fishery, construction and agricultural sectors. Nova Scotia's GDP growth is expected to slow in 2007. The emergence of new sectors, including the financial and information technology sectors, bodes well for future job creation; however, labour shortages loom. Determining what skills will be required to support emerging industries, and developing, attracting, and retaining talent in these areas, will be a key challenge. Inciting innovation and competition to make productivity gains with a population that is consistently declining will be necessary.

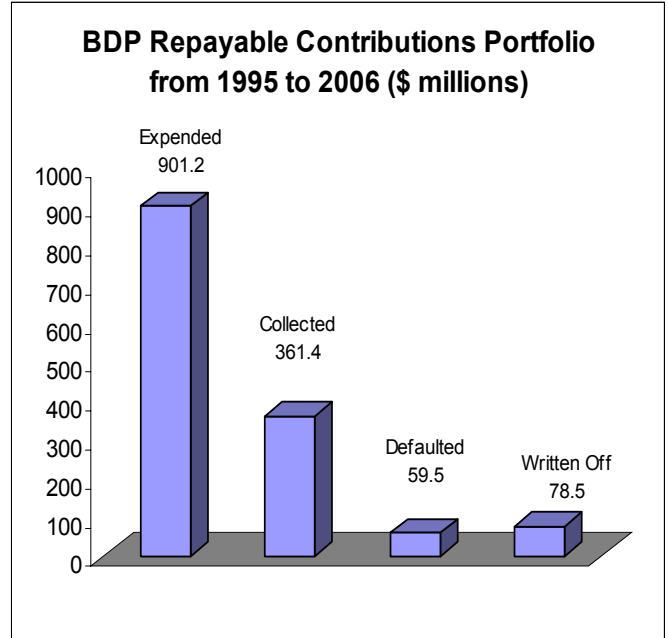
Among the key challenges facing the **Cape Breton** region is the seasonality of the labour force, which results in significant variances in labour force activity throughout the year. Other challenges include the level of out-migration, an aging population and a small export base outside traditional resource industries.

The resource-based economy of **New Brunswick** will continue to face significant challenges including resource rationalization (mill closures), a higher Canadian dollar, and higher input costs. In the future, the availability of an adequate supply of skilled labour will have a considerable impact on the competitiveness of New Brunswick businesses. At the same time, innovation and technology will be key factors in the region's economic development, since they offer the potential for improved productivity and competitiveness in the production and trade of value-added goods and services related to the province's natural resources. It is crucial that New Brunswick businesses remain competitive in the U.S., while at the same time positioning themselves for the considerable challenges and opportunities in emerging markets such as China and India.

BDP Repayable Contributions Portfolio (Update as of December 2006)

Since 1995, ACOA has provided interest-free, unsecured loans to SMEs under its Business Development Program (BDP) to help them start up, expand, improve productivity, develop new markets or undertake other growth-oriented activities. Commercial assistance is repayable over an average repayment term of five to seven years. The collection of repayable contributions under the BDP is expected to total at least \$55.2 million in 2007-2008.

As illustrated in the graph at right, the cumulative rate of defaulted contracts and write-offs since 1995 has been 15.3% (\$138.0 million of a total \$901.2 million).



Over the 2004-2005 and 2005-2006 fiscal years, the average annual combined default and write-off rate was 4.68% (3.3% as at December 31 in fiscal year 2006-2007). It is anticipated that in 2007-2008 the Agency will write off approximately \$15 million.

(On ACOA’s total repayable programs – including the BDP – the Agency annually collects approximately 78% of forecast scheduled repayments, 16% are rescheduled to future years, and 6% become defaulted contracts and write-offs.)

Risk Mix

The anticipated risk mix for 2007-2008 is shown in the table at right. The current portfolio mix is approaching the desired risk mix distribution. The latest BDP evaluation¹⁵ suggested that the Agency may have drifted toward more capital asset-based or lower-risk lending; however, more emphasis is being placed on “incrementality” and “need” in the due diligence process. This, in turn, is leading to a slightly higher risk mix for the receivables.

Risk Rating	Current	Anticipated
<i>Low</i>	6%	10%
<i>Low-medium</i>	22%	25%
<i>Medium</i>	44%	35%
<i>Medium-high</i>	21%	25%
<i>High</i>	7%	5%

For more information on repayable contributions, see <http://www.acoa-apeca.gc.ca/e/financial/repayable/index.shtml>.

¹⁵ *Evaluation of ACOA’s Business Development Program*, Atlantic Canada Opportunities Agency (February 2003) <http://www.acoa-apeca.gc.ca/e/library/audit/busdevprog.shtml>.

Results-based Management

Results-based management (RBM) is a life-cycle approach to management that integrates strategy, people, resources, processes and measurements to improve decision making, transparency and accountability. Its focus is on achieving outcomes, implementing performance measurement, learning and changing, and reporting performance. At ACOA, the goal of RBM is two-fold:

- to provide evidence-based information contained in performance measurement systems, audits, evaluations and reviews to external stakeholders such as central agency officials, parliamentarians and the general public, ensuring the accountability and transparency of results information; and
- to provide managers with this timely, accurate, balanced and evidence-based information for effective decision making.

To help achieve this goal, the Agency is implementing its Management, Resources and Results Structure, a framework to integrate financial and non-financial information in a way that links the results achieved and the resources used. In 2007-2008, ACOA will implement performance measurement frameworks to effectively collect, analyze and report performance information at all levels of program activity within the Agency. The information serves ACOA managers in making strategic and operational decisions on improving the overall effectiveness of the Agency's programming.

In order to strengthen corporate governance at ACOA, the Agency recently established a separate Internal Audit Committee and an Evaluation Committee, effectively disbanding the Review Committee. This new committee structure complies with the Government of Canada's new Internal Audit Policy and assures the independence of the evaluation function. The new Evaluation Committee will strengthen linkages to policy and programs management and will provide a governance function in ensuring management and central agencies are provided with timely evaluations and performance measurement reporting.

Regular meetings will be held by both the Evaluation Committee and the Internal Audit Committee in order to review and revise audit and evaluation plans. These plans detail all audits, evaluations and reviews to be undertaken over a three-year period, in order to provide timely, relevant strategic information for use by Agency managers, Treasury Board, the Government of Canada, and Canadians. Details on these plans may be found in Section III, Table 10, of this report.

Service Delivery and Citizen-focused Service

Continuous improvement in client service is part of ACOA's agenda. The Agency's regular interactions with key stakeholders ensure it is delivering programs and services that meet the needs of Atlantic Canadians. One key example is ACOA's biennial corporate client satisfaction surveys, which measure the level of client satisfaction, provide a basis to set improvement targets, and continue to refine service delivery practices. Previously, the feedback from interactions with key stakeholders and the results of the previous client satisfaction surveys were useful in ensuring that client expectations were taken into account in the delivery of programs and services in 2005-2006 and beyond.

The results of a third client satisfaction survey, completed over 2006-2007 and based on the common measurement tool (CMT), will be published on the Agency's website in 2007-2008. As the Agency repositions to reflect changing economic circumstances, pressures and strategic directions, its Service Improvement Plan will be adjusted to reflect client priorities as identified in the 2006-2007 client survey.

Corporate Services

Efficiently and effectively managed resources and administrative systems and services to support management decision making, accountability and operational control.

	2007-2008	2008-2009	2009-2010
<i>Financial Resources (\$ millions)</i>	27.9	27.9	27.9
<i>Human Resources (FTEs)</i>	223	223	223

The planned spending figures for Corporate Services, indicated above, are also incorporated within the planned spending figures for all program activities throughout this report, on a pro-rated basis.

Corporate Planning and Performance Management

- Implement an integrated, results-based planning process that follows the Program Activity Architecture.
- Utilize, promote and co-ordinate modern business management practices within the Agency as outlined in the Management Accountability Framework.
- Evaluate the effectiveness of the Agency's ability to manage and deliver its programs.
- Integrate the Risk Management function into Agency activities, and provide assurances on the Agency's level of risk mitigation.

Communications

- Work with clients and partners to promote Atlantic Canada – both at home and internationally – as increasingly innovative, export-oriented and entrepreneurial, through a variety of marketing and outreach activities.
- Improve the awareness and understanding of the Agency's role in enterprise and community development, as well as its programs and services and how they can be accessed.
- Support the Agency's key policy and advocacy files through strategic communications activities.

Finance and Administration

- Maintain and monitor the government-wide management and analysis systems, including the Management Resources and Results Structure and the Expenditure Management Information System.
- Table in Parliament the government's Main Estimates and Supplementary Estimates in an accurate and timely manner and in accordance with prevailing parliamentary schedules and protocols.
- Table the Public Accounts of Canada, including the government's audited financial statements, within prescribed deadlines as set by the Treasury Board Secretariat and Public Works and Government Services Canada.

Chief Information Office Directorate

- Through the use of Web technology and service transformation:
 - continue to work closely with stakeholders to define efficient integrated program management and business processes;
 - increase the availability of corporate information and finance reporting systems; and
 - prepare key service systems for on-line delivery.

Internal Audit

- Implement the federal government's new Policy on Internal Audit (2006) across the Agency over the next three years. The policy aims to professionalize the internal audit function and build a comprehensive government-wide approach to internal auditing that reflects leading-edge public and private sector practices.

Human Resources

- Ensure that human resource policies and practices respect values and ethics, as well as accountability principles. These principles include the Management Accountability Framework and the Staffing Management Accountability Framework.
- Promote a learning environment within the Agency.
- Promote the advancement of employment equity and diversity within the Agency.
- Ensure all new managers receive the required training to fulfill their functions effectively.
- Ensure all new employees receive orientation training for the public service, as well as for ACOA specifically.

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