



# BRIEFING

## Atlantic Canada Opportunities Agency

October 22, 2021



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# SECTION 1

## Who We Are



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## Fueling economic growth in Atlantic Canada

### ACOA AT A GLANCE

- **Mission**
  - Help Atlantic Canada's economy grow
- **Values**
  - Commitment to the region
  - Customer service and creativity
  - Urgency
- **1 of 7 regional development agencies**
- **On-the-ground presence**, allowing:
  - solid understanding of region's **challenges and opportunities**;
  - strategic relationships with clients and partners.
- Manages crises at regional level
  - **COVID-19 pandemic**: prime example
- **30 points of service**
- **584** full-time equivalents at:
  - **head office** in Moncton, N.B. (with a team in Ottawa);
  - **regional offices** in each provincial capital; and
  - **satellite locations** throughout the region.



## Delivering programs and advocating for Atlantic Canada

### TWO CORE FUNCTIONS

ACOA's mandate is twofold:

- **Delivering programming** principally for small and medium-sized enterprises (SMEs) and community groups
- **Advocating** for businesses and communities as well as strong economic development policies across the Government of Canada that may impact the region
  - *Working through effective **governance** and strong **collaboration** to ensure Atlantic Canada issues and opportunities are well understood in the federal system (key ministers and officials)*





# ORGANIZATIONAL STRUCTURE

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ACOA President  
Francis P. McGuire

Legal Services  
Christine Calvé

Head Office in Moncton, New Brunswick,  
with a small Ottawa presence

Regional and local delivery offices throughout the region

**VP Policy,  
Programs and  
Communications**

Daryell Nowlan

**VP, Finance and  
Corporate  
Services**

Stéphane Lagacé

**Senior Advisor  
(Energy)**

Andrew  
Noseworthy  
(St. John's, N.L.)

**VP  
(Newfoundland  
and Labrador)**

Karen Skinner

**VP  
(New  
Brunswick)**

Kent Estabrooks

**VP  
(Nova  
Scotia)**

Chuck Maillet

**VP  
(Prince Edward  
Island  
& Tourism)**

Patrick Dorsey

Ottawa  
office

- Advocates for Atlantic Canada's interests
- Is the principal day-to-day conduit between the Minister's Office and ACOA
- Is the ACOA lead on aerospace and defence as well as Industrial and Technological Benefits



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## Helping to address labour shortages

**Labour shortages** is Atlantic Canada's **most pressing challenge**, and it is a **major issue for skilled and unskilled positions**.

- Tools to address issue:
  - **Automation and digitization, skills development and immigration** – top priorities for ACOA.



## Working strategically, guided by focused actions

### AREAS OF FOCUS

**Key areas** of focus include:

- **Advanced manufacturing**
- **Immigration**
- **Tourism**
- **Indigenous economic development**
- **Oceans**
- **Food**
- **Clean growth**
- **Start-up ecosystem**



To guide its investments, ACOA applies the following **lenses**:

- **Improving the quality of jobs**
- **Increasing productivity and digitization** for greater competitiveness
- **Fostering more diverse workforce participation** to address labour shortages
- **Leveraging green technologies** for economic growth





## Bringing together partners to drive economic growth

### PARTNERSHIPS

- ACOA works with **federal partners** on various key files. For example:
  - Other regional development agencies – COVID-19 recovery programs
  - Fisheries and Oceans – Blue Economy Strategy
  - Innovation, Science and Economic Development & National Defence – Industrial and Technological Benefits / investments in aerospace and defence
  - National Research Council – Industrial Research Assistance Program
- ACOA and federal partners work with the **provinces** on select areas such as:
  - International trade
  - Tourism development



## Pre-COVID-19 economic snapshot: strengths and challenges

### ECONOMIC CONTEXT

- Before COVID-19, Atlantic Canada's **economy gained momentum**.
  - In 2019, Atlantic Canada's **real gross domestic product (GDP) growth surpassed the national average** (2.7% for Atlantic Canada vs. 1.9% for Canada).
- The region's economic growth was driven mainly by **increased immigration and automation** (Bank of Canada), building on **key sectors** such as:
  - ocean economy
  - life sciences
  - aerospace and defence
- Yet, structural **challenges** impacted the region's growth potential:
  - rural population
  - aging demographics
  - low productivity
  - worker shortages



## COVID-19 impacts and a two-speed recovery

### ECONOMIC CONTEXT (cont'd)

- Atlantic Canada's **real GDP decreased by 4% in 2020** (Canada: -5.3%), and the region **lost 46,500 jobs** (a decrease of 4.1% relative to 5.2% for Canada).
  - The decline was less pronounced in the Maritimes (-3.4%).
  - In **Newfoundland and Labrador**, the decline was similar to the national average (exacerbated by the oil and gas crisis).
- The region is **attracting a lower share of Canada's immigrants** than it was prior to the pandemic (down from 4.8% in the first quarter of 2019 to 3.3% in the first quarter of 2021).
- Some sectors have been **able to realign activities** to respond to market demand and automate processes.
  - Others are expected to take longer to recover. These include:
    - oil and gas
    - tourism
    - culture



# CURRENT CORE PROGRAMS

Providing strategic, agile support through repayable, provisionally repayable and non-repayable contributions

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## Atlantic Innovation Fund (AIF)

### Business Development Program (BDP)

### Regional Economic Growth through Innovation (REGI)

*(common to all regional development agencies)*

- Generally for commercial projects and loans

## Innovative Communities Fund (ICF)

- For non-commercial projects and contributions

## Community Futures Program (CFP)

- Funds 41 independent Community Business Development Corporations



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# CURRENT TEMPORARY PROGRAMS

## Delivering short-term initiatives

### Recent COVID-19 economic recovery funding initiatives

#### Canada Community Revitalization Fund

- Ending March 31, 2023

#### Tourism Relief Fund

- Ending March 31, 2023

#### Aerospace Regional Recovery Initiative

- Ending March 31, 2024

#### Jobs and Growth Fund

- Ending March 31, 2024

### Other funding initiatives

#### Women Ecosystem Fund

- Ending March 31, 2023

#### National Ecosystem Fund / Black Entrepreneurship Program

- Ending March 31, 2025

#### Canada Coal Transition Initiative

*(common to ACOA and Prairies Economic Development Canada)*

- Ending March 31, 2026

### ALL INITIATIVES COMMON TO ALL REGIONAL DEVELOPMENT AGENCIES

*(except Canada Coal  
Transition Initiative)*



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## Providing grants and contributions as a catalyst for growth

	Actual Expenditures			Planned Expenditures		
	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Operations & Maintenance	\$73M	\$77M	\$79M	\$85M	\$80M	\$77M
Grants & Contributions	\$276M	\$275M	\$496M	\$377M	\$378M	\$263M
<b>Total</b>	<b>\$349M</b>	<b>\$352M</b>	<b>\$575M</b>	<b>\$462M</b>	<b>\$458M</b>	<b>\$340M</b>

## PROGRAM SPENDING

**Over the past decade** (2011-2012 to 2020-2021)...

- ACOA approved an annual **average of 1,248 projects**.
  - Average **approved contribution: \$233,279**.
- on average each year, ACOA assisted **973 businesses** and invested in **336 communities**.
- on average, ACOA's **annual spending** was **\$276M**.

In 2021-2022: Out of \$462M, \$166M are temporary allocations.

- Of the \$377M in grants and contributions, \$340M were committed as of October 21, 2021.

It is expected that there will be a 47% decrease in grants and contributions spending by 2023-2024, compared to 2020-2021.





# RESULTS

## Impacting the region's economy

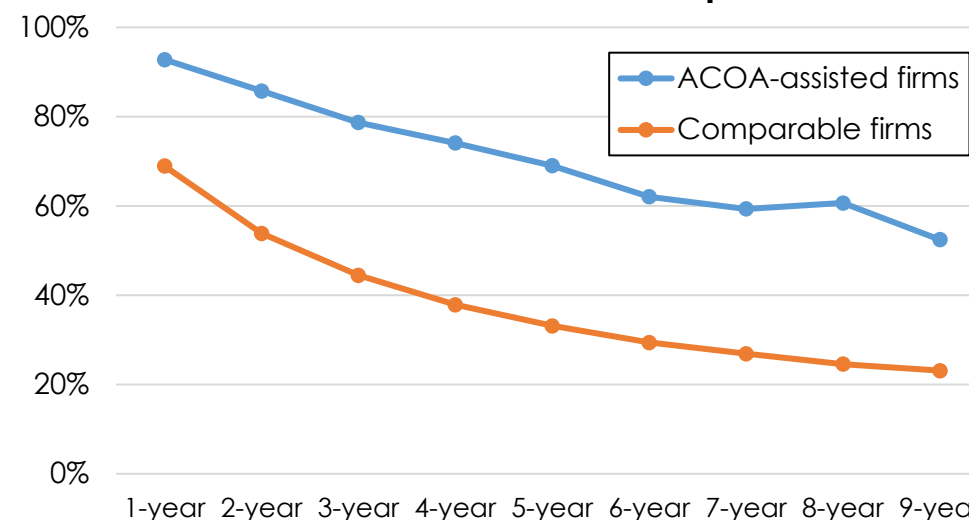
### Sales and labour productivity (2013 to 2018)

- Sales by ACOA-assisted firms grew by an average of 4.4% per year, compared to 1.0% for comparable, unassisted firms.
- Labour productivity by ACOA-assisted firms grew by an average of 2.3% per year, compared to 1.9% for comparable, unassisted firms.

### Business exports, growth and R&D (2013 to 2018)

- In 2019, the value of the export of goods from Atlantic Canada was \$28.7B, compared to \$26.4B in 2018 (+8.6%). Due to the pandemic, however, the value of exports dropped to \$23.9B in 2020 (-16.6%).
- In 2018, there were 135 ACOA-assisted high-growth firms, up 1.5% compared to 2013.
- ACOA-assisted firms' R&D expenditures as a percentage of revenue averaged 0.6% over the 2013-2018 period, compared to 0.1% for other firms.

### Business survival rate – start-ups



The **business survival rate** for ACOA-assisted start-ups is 69% vs. 33% for unassisted firms after the crucial fifth year following start-up.



## Helping the government deliver on economic development initiatives

ACOA can support the Government of Canada **shape policies and programs** that can help drive growth in Atlantic Canada.

**WELL  
POSITIONED  
TO DELIVER**



### Rural Economic Development

- Atlantic Canada: most rural population (46% vs. 19% for Canada)
- ACOA highly active in rural initiatives – more than \$675.3M expended over the past five years
- Potential for ACOA to focus even more on areas such as:
  - increased productivity
  - greening
  - stronger recovery



### Blue Economy

- Atlantic Canada's ocean sector is forecast to move from \$19B in annual activity in 2018 to almost \$24B in 2030
- Key priority for ACOA – more than \$166.5M expended over past five years
- Potential for ACOA to direct efforts in areas such as:
  - ocean-related sustainable economic growth
  - conservation initiatives

*Continued...*



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## Helping the government deliver on economic development initiatives (cont'd)

WELL  
POSITIONED  
TO DELIVER  
(cont'd)



### Automation and Digitization

- Important tools for Atlantic businesses in weathering pandemic
- Key priority for ACOA – more than \$322.1M expended over past five years
- Potential for ACOA to engage with partners (e.g. federal organizations) to ensure region's businesses are positioned to embrace automation and digitalization



### Immigration

- Key to getting back to pre-pandemic momentum
- In addition to supporting progress on immigration through convening activities, collaboration with partners, etc., ACOA has provided assistance for attraction and retention projects to the tune of more than \$18.6M expended over past five years
- Potential for ACOA to help shape initiatives that leverage immigration as a means of addressing skilled labour shortages



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# SECTION 2

## Possible Early Actions and Engagement Opportunities



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# POSSIBLE EARLY ACTION

## Processing project applications

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- A number of **funding applications** have been reviewed and are **awaiting ministerial direction**.
- Meetings will be organized in the coming weeks to discuss **your preferred approach** on how to proceed.



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## Engaging with provinces and stakeholders

- Engagement and collaboration opportunities with the **Atlantic Provinces** could include:
  - redacted
  - redacted
  - redacted
- Meetings could be planned with various **stakeholders** such as:
  - Business leaders, academic institutions, community organizations

### Key announcement opportunity

- redacted

### Regional Events

- November 4-5, 2021 – [Tourism Industry Association of PEI Conference](#) – Charlottetown, P.E.I.
- November 19-21, 2021 – [Halifax International Security Forum](#) – Halifax, N.S.
- November 23-25, 2021 – [Propelling the Blue Economy](#) – St. John's, N.L.
- November 24, 2021 – [R3 Cleantech](#) – Saint John, N.B.

