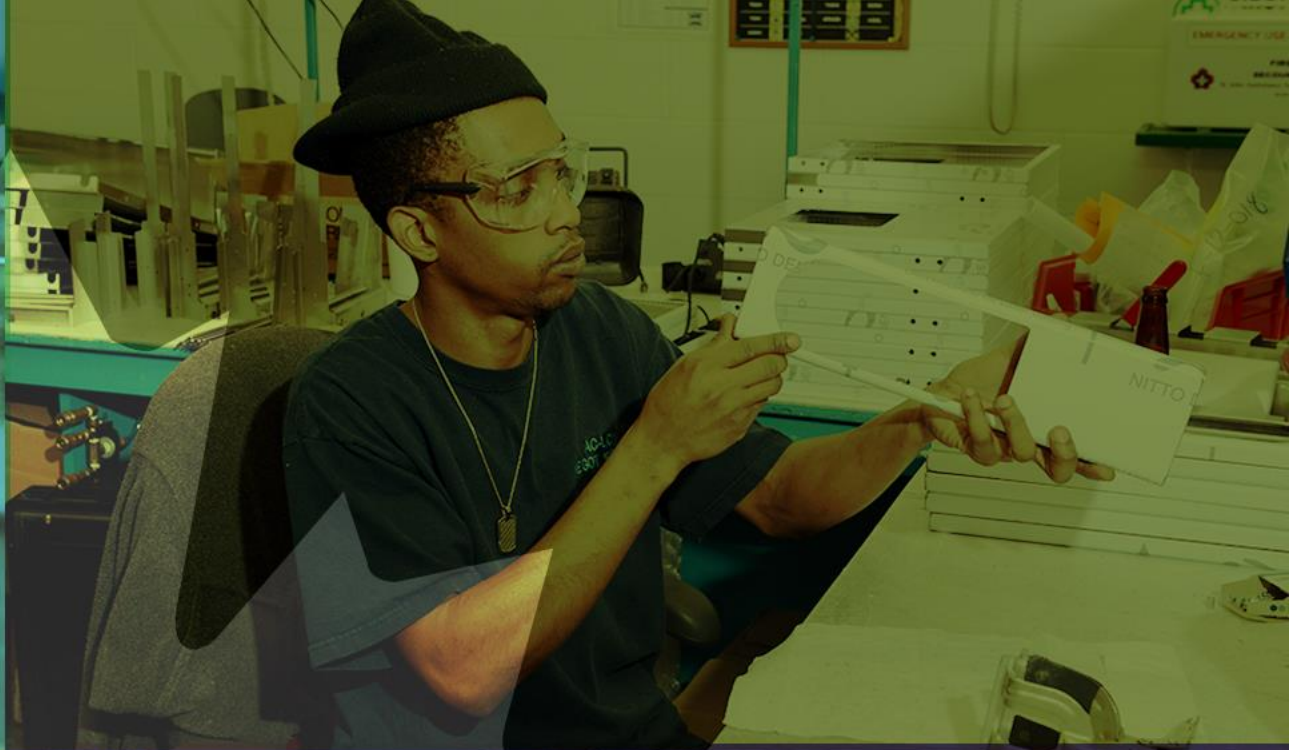




TRANSITION 2019



Briefing Deck ACOA



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Section 1 – Who We Are

- ACOA at a Glance
- Context
- Organizational Structure
- ACOA's Current Action Areas
- Early Actions – Moving Forward
- Programs and Services
- Temporary Initiatives
- Financial Information
- Results and Impact

Section 2 – Your Attention Please

- Early Decision – Engagement with Federal Ministers and Atlantic Premiers on the Atlantic Growth Strategy
- Early Decision – Canada Coal Transition Initiative
- Early Action – Program Spending and Project Approvals
- Engagement Opportunities



Section 1

Who We Are

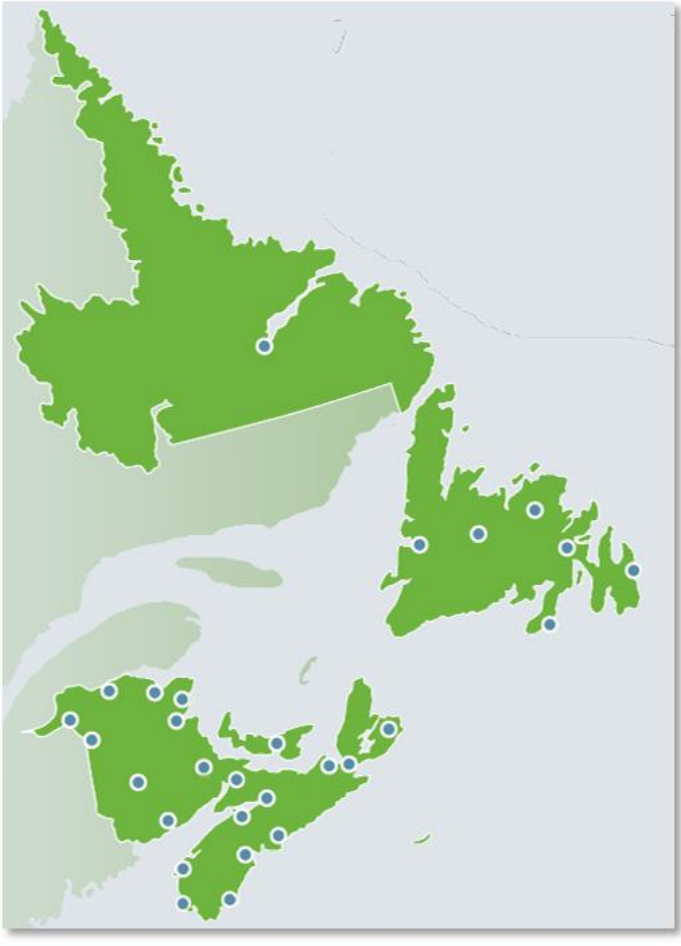


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Objective: To support and promote opportunity for economic development of Atlantic Canada, with emphasis on small and medium-size enterprises (SMEs).



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

- Assisted approximately 1500 businesses since 2015
- Planned investments of \$275.1M in 2019-20 (Gs & Cs)
- 28 service points across Atlantic Canada

Supports the government's economic priorities:

- Targeted, integrated place-based approach
- Delivers programs to firms and communities
- Advocates for the interests of the region
- Supports federal-provincial collaboration
- Provides intelligence on the Atlantic economy to various federal institutions

Support is provided through:

- Flexible tools and programs
- Repayable contributions to businesses
- Non-repayable contributions to community and support organizations
- Convening and pathfinding

ACOA is one of six Regional Development Agencies (RDAs) across Canada that work to fuel economic growth.

Key intervention areas of RDAs

Businesses

- Supporting business scale up, productivity and market expansion
- Strengthening regional economic clusters and innovation ecosystems to foster entrepreneurship and competitiveness
- Promoting export and trade diversification

Communities

- Building vibrant and economically viable regional and rural communities
- Maximizing local strengths and assets
- Providing assistance in response to economic crises

Since 1987, ACOA has supported and promoted economic development opportunities in Atlantic Canada:

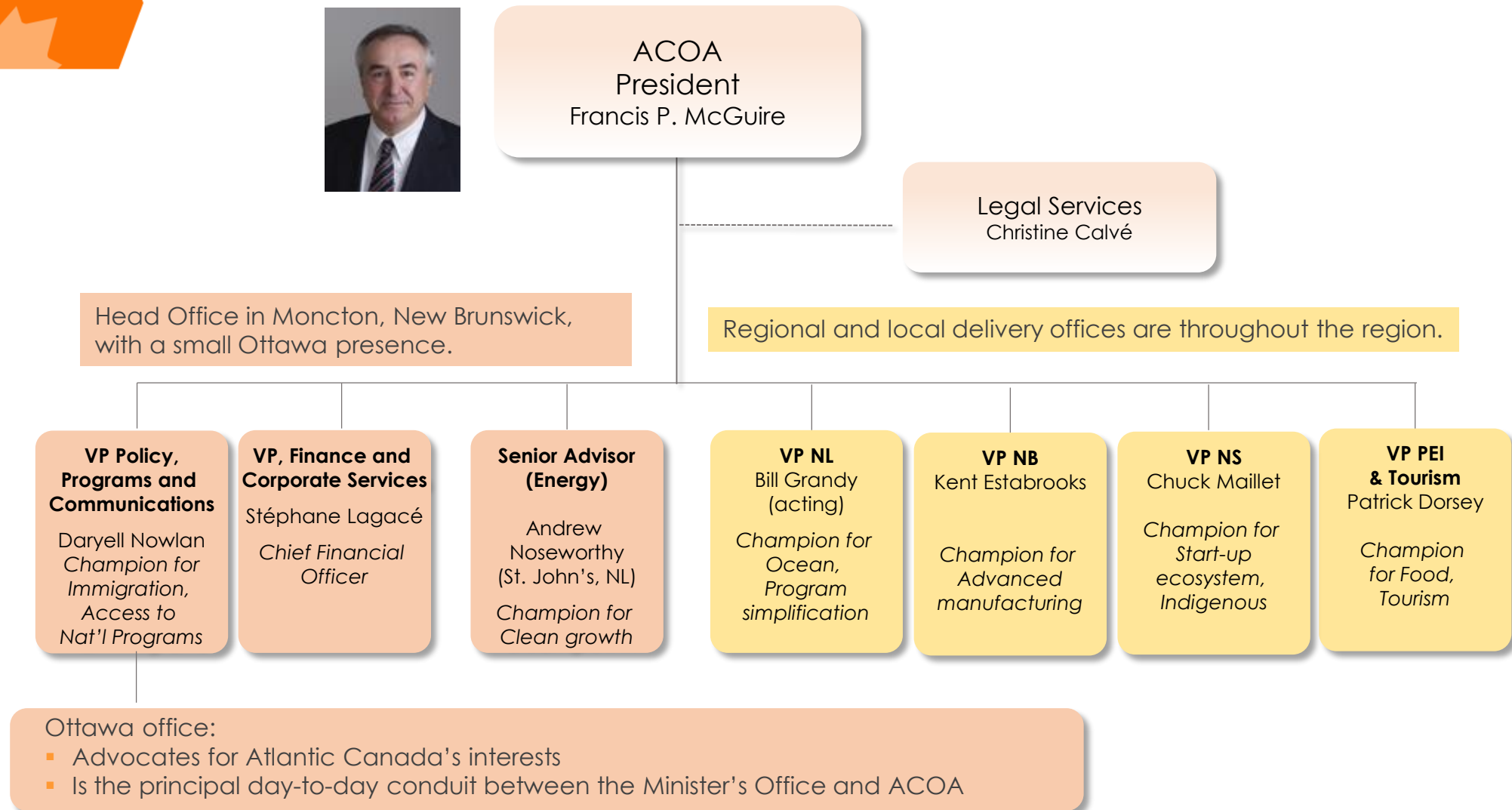
- Investments of more than \$1.3B since 2015, supporting 1,543 businesses and 509 communities.

ACOA continues to work with partners and stakeholders to create opportunities, address unique regional challenges, and build a foundation for a sustainable, prosperous future.



Organizational Structure

6



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ACOA can help the government deliver on its priorities to catalyze growth.

Businesses



Entrepreneurship - *Create the Canada Entrepreneur Account*

Atlantic Canada's startup ecosystem is the fastest-growing activation ecosystem in North America. ACOA is a key player in supporting the region's start-up ecosystem and well positioned to provide additional support. ACOA can help BDC further support entrepreneurs.



Skills and Labour - *Help workers get the skills they need*

In 2018, 50% of businesses reported difficulty in hiring employees; 62% expected to face a shortage over the next five years. ACOA is working with departments such as ESDC and IRCC to address the skills and labour shortages issue. ACOA continues to work directly with businesses, colleges and universities to ensure that SMEs and workers can adapt to the evolving nature of work.



Key Sectors - *Growing our areas of strengths*

Key areas of strengths – ocean economy, energy, bio-and life-sciences and tourism – are poised to have a significant impact on growth. ACOA can help develop and deliver strategies to support scale up, growth and international engagement, and help companies look beyond borders to address technology and skills issues. Businesses are also facing a \$3-10M financing gap to pursue high impact projects.



Aquaculture and fisheries - *New Aquaculture act*

In the coming years, over \$1B in investments is expected in the region, and ACOA's support and in-depth knowledge could be valuable in developing the new Aquaculture act. ACOA is focusing on an integrated approach to supporting development of this industry that harnesses growth potential while addressing environment and infrastructure considerations



Immigration - *Move forward with making the Atlantic Immigration Pilot permanent*

Immigration is a key priority. ACOA is a strong partner to IRCC and the provinces. Continue to support the Atlantic Immigration Pilot, advocate to improve existing immigration-related programs and initiatives, and leverage its relationship with private sector stakeholders to meet Atlantic Canada's labour market needs.

ACOA can help the government deliver on its priorities to catalyze growth.

Communities



Tourism - *Creation of a Tourism Community Infrastructure Fund*

Tourism is a key priority, with non-resident spending in Atlantic Canada in 2017 estimated at \$4.5B. ACOA is well positioned to deliver this new fund in the region.



Canada's Coastal Communities - *Local Economic Development Plans*

ACOA will support DFO's mandate and directly support the development of local economic development plans associated with small crafts harbours investments. ACOA's focused approach will be tailored to support asset and strength-based planning, especially in rural communities.



Energy - *Just Transition Act*

Atlantic Canada faces particular risks related to climate change. Electrical generation is a major source of CO₂ emissions. ACOA is working with NRCan and provincial governments on improving energy efficiency and greening of electrical grids. The Agency can help grow green businesses and support industrial energy efficiency through advanced manufacturing and clean tech adoption.



Efficiency - *Flexible and responsive approaches*

ACOA advocates and provides advice on issues that are impacting economic development such as transportation (HWY 185 and trade corridors), energy costs and supply, broadband in rural and coastal areas and regulatory barriers.



Infrastructure - *Build infrastructure that supports strong minority-language communities*

The Agency can deliver additional funds to support infrastructure development in minority-language communities. Connections with OLMCs will be leveraged to ensure efficient design and delivery of new or expanded initiatives.

ACOA provides financial support to SMEs, communities and support organizations through provisionally repayable / repayable contributions as well as non repayable contributions.

Businesses

Regional Economic Growth through Innovation

Supports all innovation-related projects to start or grow innovation businesses and to develop regional ecosystems through two streams:

- Business Scale-up and Productivity
- Regional Innovation Ecosystems.

Business Development Program

Helps businesses start up, expand or modernize and improve their competitiveness. Focuses on regional priority sectors and non-innovation related projects.

Atlantic Innovation Fund

Encourages partnerships among private sector firms, universities, colleges and other research institutions to develop and commercialize products and services.

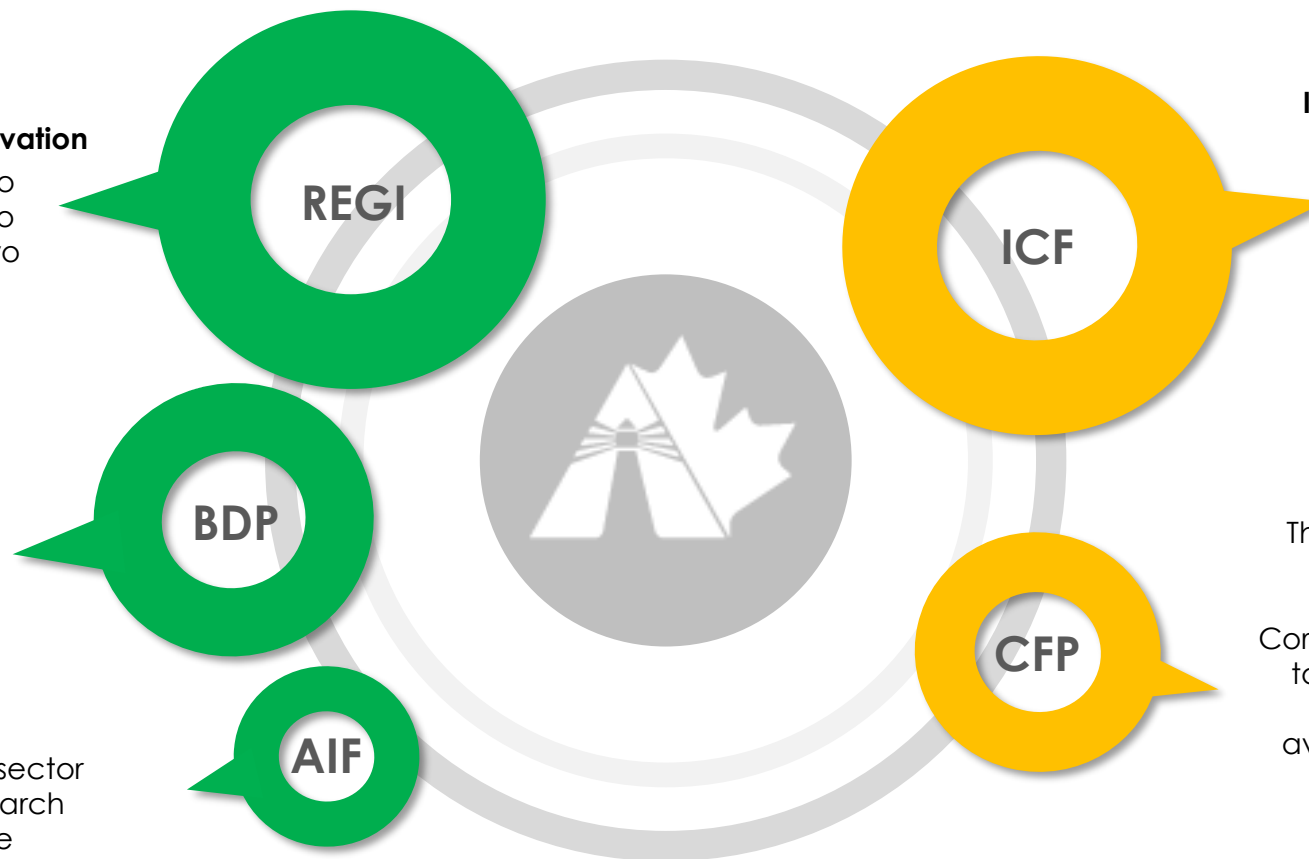
Communities

Innovative Communities Fund

Invests in strategic economic and sector development planning and infrastructure projects that stimulate the vitality of mainly rural communities in Atlantic Canada.

Community Futures Program

Through the CFP, ACOA helps a network of 39 Community Business Development Corporations who provide access to capital and business services for SMEs and fills the gap in available financing and training for businesses in Atlantic Canadian rural areas.





ACOA also delivers short-term initiatives in Atlantic Canada on behalf of the Government of Canada.

Women Entrepreneurship Fund

March 31, 2020

Women Ecosystem Fund

March 31, 2023

Supports women entrepreneurs in a diversity of industries in their efforts to scale and grow their businesses, as well as pursue export-oriented projects.

Canadian Experiences Fund

March 31, 2021

Supports communities across Canada as they create, improve or enhance tourism products, facilities and experiences.

Steel and Aluminum Initiative

March 31, 2020

Supports the innovative projects of SMEs operating within the Canadian steel and aluminum supply chain.

Canada Coal Transition Initiative

March 31, 2026

Supports skills development and economic diversification for workers and communities in regions phasing out coal.



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Spending profile, transfer payments and human resources

Spending profile

From 2015-16 to 2018-19:

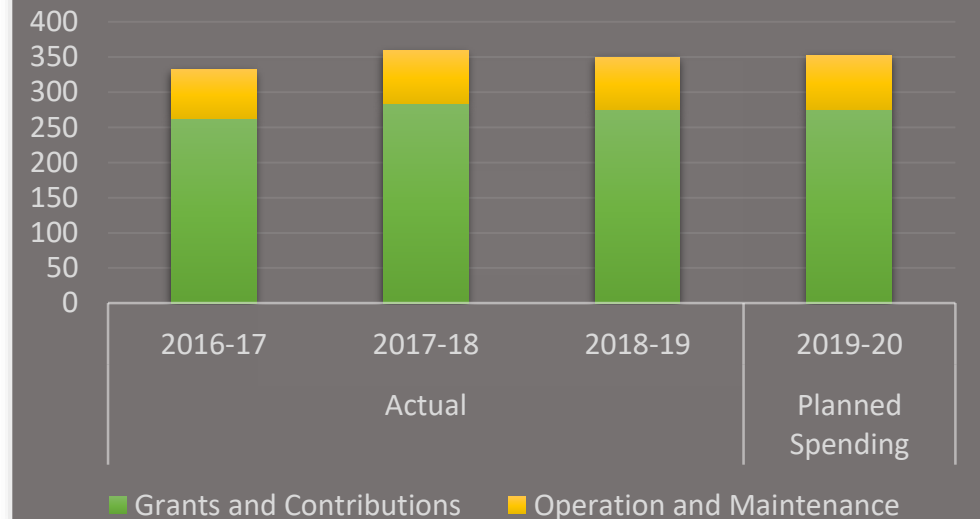
- ACOA has approved on average over \$290M in contributions per year
- The average approved contribution was \$234,000
- 58% of ACOA's approved contributions were non-repayable, 10% were conditionally repayable and 32% were repayable

Key considerations

Core funding for the Agency has remained relatively stable over the years, although pressures are increasing:

- Average contributions have increased by 10% and the total costs of supported projects have increased by 15%
- Support in key priorities areas such as automation has increased - investments have tripled, reaching over \$100M
- ACOA has been involved in less traditional areas of interventions such as immigration and settlement

ACOA Spending (M\$)



- **ACOA's forecasted expenditures in 2019-2020: \$352.7M**
- **ACOA has 578 FTEs**

The region's economy has grown over the years and momentum is building.



Economic Context - *Since 2015*

Gross domestic product (GDP) grew at an annual average of **1.0%** per year.

Employment in Atlantic Canada increased by 0.2%.



ACOA Impact - *Since 2015*

ACOA has helped create or maintain close to

8000 jobs in Atlantic Canada.

For each \$ invested by ACOA, other sources of funding invested \$1.44.



Businesses – 2018 data (Stats Can)

Sales by ACOA-assisted firms grew by an average of **2.7%** per year, compared to 0.3% for non-assisted firms.

Total exports by ACOA-assisted firms totaled \$2.24B in 2016, an average increase of 7.6% per year since 2011.



Communities – *since 2015*

Working with a range of partners and stakeholders, ACOA supports projects in Atlantic Canada that sustain inclusive and diverse communities.

ACOA has supported more than 500 communities in Atlantic Canada.

500

Section 2

Your Attention
Please...



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The Atlantic Growth Strategy is a collaborative, results-driven and forward-looking approach to building a vibrant economic future for Atlantic Canada in a rapidly changing global environment.

Background

Launched in 2016 to advance pan-Atlantic initiatives focused on **five priority areas**:

- **Skilled workforce and immigration**
- **Innovation**
- **Clean growth and climate change**
- **Trade and investment**
- **Infrastructure**

Builds on initiatives informed by various groups, including Council of Atlantic Premiers, Atlantic Growth Advisory Group and Economic Strategy Tables.

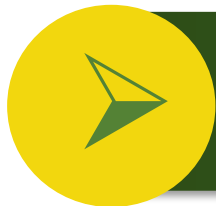
Ministers and Premiers meet twice per year and last meeting was on March 1, 2019.

Considerations

Can continue to:

- address **skills shortages** and **labour market gaps**;
- encourage growth through greater **innovation (including clean growth), automation, and the development of new markets**;
- support growth for **rural** communities and businesses,
- employ **strategic approaches to key growth industries such as oil and gas, aquaculture, ICT and tourism**;
- **improve infrastructure and regulation** to facilitate trade, transportation and high-speed internet.

Opportunity to refresh to align with new priorities, while considering best model going forward.



You may wish to check with your federal colleagues first and then engage with provincial premiers to discuss next steps and a potential meeting of federal and provincial elected officials.



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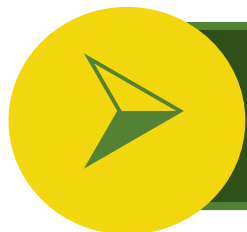
ACOA will support the government's efforts to diversify the economy of communities impacted by a transition away from coal-fired electricity.

Background

- Impacted communities are located in northern New Brunswick and eastern Nova Scotia.
- CCTI will focus on:
 - economic diversification (e.g., tourism, start-ups, other industrial sectors);
 - community infrastructure that enables new businesses and revenues; and
 - green energy investments that create new skills and jobs.

Considerations

- Budget 2019 announced the \$150M Canada Coal Transition Initiative – Infrastructure Fund.
- Western Economic Diversification and ACOA have been developing a framework to access the new funding.
- Regional impacts vary; important to have community-led, flexible approach to develop response and make strategic investments.
- Support to individual workers and families is outside ACOA's mandate and expertise.



You may wish to engage with your colleagues for the ministerial approval process of the Initiative.

ACOA approves over 1,200 projects every year through a diligent and efficient process that mitigates the risks for the Agency.



ACOA Client profile

Employment

- 71% had less than 30 employees
 - 40% had between 1-9 employees

Revenue

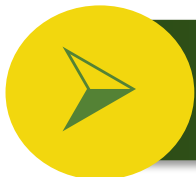
- 83% had less than \$10M in revenues
 - 26% had revenues between \$0 and \$500k
 - 28% had revenues between \$500k and \$2M



Support profile

From 2015-16 to 2018-19:

- An average of 1,250 projects have been approved every year
- The median approved contribution by ACOA was \$75,000
- 52% of approved projects were for contributions under \$100K, 72% under \$250K and 86% under \$500K
- ACOA has collected on average approximately 60M\$ per year on its repayable portfolio
- ACOA has considerably reduced the approval time for its commercial projects from 102 days to 49 days since Fall 2017



We will set up meetings in the coming weeks to discuss your preferred approach for project approval.



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Key engagement opportunities in the Atlantic region

In the next few weeks, you could be interested to engage with key stakeholders or participate in regional events.

Potential meetings with key stakeholders

- Provincial governments (Premiers, Ministers)
- Business leaders
- Academic institutions
- Community Organizations

Regional Events

- | | |
|----------------------|---|
| November 27-28, 2019 | ■ Annual Tourism Industry Association of NB Summit – Moncton, NB |
| December 1-3, 2019 | ■ Tourism Summit – Halifax, NS |
| December 2-4, 2019 | ■ Agricultural Excellence Conference – Fredericton, NB |