

Atlantic Canada Opportunities Agency

2016-17

Departmental Results Report

The Honourable Navdeep Bains, PC, MP
Minister of Innovation, Science and Economic Development

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Minister's message

I am pleased to report progress made on making Canada a world-leading centre for innovation and science, helping create good, well-paying jobs, and strengthening and growing the middle class.

The work of the Innovation, Science and Economic Development Portfolio includes promoting innovation and science; supporting the commercialization of more research and ideas; providing more Canadians with the skills to participate in a global and digital economy; helping small businesses grow through innovation, access to capital and trade; promoting increased tourism in Canada; and supporting scientific research and the integration of scientific considerations in our investment and policy choices.

This year, the Portfolio organizations continued their work to deliver on the Government's Budget 2017 commitment to develop an Innovation and Skills Plan. The plan's focus on people and addressing the changing nature of the economy is a focus for the Portfolio's programs.

The Atlantic Canada Opportunities Agency promotes economic development in Atlantic Canada by helping businesses innovate, grow and compete and communities prosper, and by working with federal and provincial partners to implement the Atlantic Growth Strategy.

This bold, results-based strategy is putting Atlantic Canada on the path to a more innovative, diverse and globally competitive economy – one that will create well-paying middle-class jobs for Atlantic Canadians now and in the future.

It is my pleasure to present the 2016-17 Departmental Results Report for the Atlantic Canada Opportunities Agency.



The Honourable Navdeep Bains
Minister of Innovation, Science and
Economic Development

Results at a glance

| Total actual spending for 2016-17 | Total actual full-time equivalents for 2016-17 |
|--------------------------------------|---|
| \$332,365,502 | 582 |

In 2016-17, the Atlantic Canada Opportunities Agency (ACOA) invested in strategic projects across Atlantic Canada. Priority initiatives include the following:

- The Agency worked closely with other federal departments and provincial governments to implement actions under the Atlantic Growth Strategy, with a focus on innovation, clean growth and climate change, tourism, and trade and investment. ACOA played a key role in launching the Accelerated Growth Service in the region, and met its target of helping 30 high-impact firms propel to a world-class level.
 - For example, ACOA helped Bluedrop Performance Learning Inc., of St. John's, N.L., undertake product development, market expansion and contract fulfillment activities for its award-winning computer-based simulation, training and e-learning solutions.
- The Atlantic Trade and Investment Growth Strategy (ATIGS) was launched. This long-term approach to sector and market development will help firms achieve their full export potential. Central to ATIGS are ACOA's partnership with the four Atlantic provincial governments and close collaboration with industry associations and small and medium-sized enterprises (SMEs). A new \$20-million federal-provincial agreement supports the implementation of ATIGS.
 - For example, investments in New Brunswick's seafood sector, essential to the economies of its coastal communities, will help diversify international markets beyond North America to Europe and Asia.
- ACOA invested over \$34 million in 143 clean technology projects across the region, helping Canada's regional development agencies (RDAs) achieve their collective target of investing \$100 million in clean economic growth.
 - For example, ACOA helped Mara Renewables Corporation, of Dartmouth, N.S., further the development of clean, green and biodegradable algal-based biofuels, which have the potential to eventually replace petroleum products, including jet fuel.
 - ACOA invested in Island Water Technologies Incorporated, of Montague, P.E.I., to help design and commercialize a state-of-the-art decentralized waste-water treatment solution to meet the needs of rural and remote communities.

For more information on the Agency's plans, priorities and results achieved, see the "Actual results: what we achieved" section of this report.

Raison d'être, mandate and role: who we are and what we do

Raison d'être

Established in 1987 (Part I of the Government Organization Act, Atlantic Canada 1987, R.S.C., 1985, c. 41 (4th Supp.)), also known as the Atlantic Canada Opportunities Agency Act), the Atlantic Canada Opportunities Agency (ACOA) is the federal department responsible for the Government of Canada's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

The Minister of Innovation, Science and Economic Development is responsible for this organization.

ACOA works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada. Together with Atlantic Canadians, ACOA is building a stronger economy.

Mandate and role

ACOA plays an important role in developing and supporting policies and programs that strengthen the Atlantic region's economy. The Agency's legislation mandates the organization "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."¹ Although its policies and program tools have evolved since its inception, the overall goal of the Agency remains constant: ACOA is dedicated to helping the Atlantic region realize its full economic potential in terms of productivity, innovation, competitiveness and growth. This is achieved by addressing structural changes in the economy, helping communities and businesses to overcome challenges, and capitalizing on opportunities.

As a member of the Innovation, Science, and Economic Development portfolio, and as the lead economic development department in Atlantic Canada, ACOA plays a regional leadership role in delivering on Canada's Innovation and Skills Plan and on other Government of Canada priorities, both through the Agency's mandate and through the Atlantic Growth Strategy.

¹ Atlantic Canada Opportunities Agency Act, R.S.C., 1985, c. 41, 4th Supp.

The Agency provides services through its head office in Moncton, New Brunswick, and throughout the Atlantic provinces, with four regional offices located in the provincial capitals, and [24 local field offices](#). Through its Ottawa office, ACOA ensures that Atlantic Canada's interests are understood and reflected in the policies and programs developed by other departments and agencies of the federal government.

For more general information about the Agency, see the "Supplementary information" section. For more information on ACOA's organizational mandate letter commitments, see the minister's mandate letter on the [Prime Minister of Canada's website](#).

Operating context and key risks

Operating context

Atlantic Canada's economy has undergone significant transformation over the past few years. While resource-based industries, such as fishing and forestry, and associated manufacturing activities remain important to the economy, especially in rural areas, economic activity in the region has diversified. Since 2000, economic growth in Atlantic Canada has been driven by the mining and oil and gas sectors, the information and communication technologies sector, the construction industry, finance and insurance, and retail trade. This diversification resulted in improved living standards compared to Canada as a whole. Real gross domestic product (GDP) per capita has risen to stand at \$37,980,² representing 82%³ of the national level in 2016, up from 76%⁴ in 2000.

Commodity exports from Atlantic Canada have progressed well during this period, outperforming the rest of the country. Much of this was due to increased shipments of refined petroleum, crude oil, minerals and seafood products. Atlantic exports are also diversifying over time, with highly innovative sectors, such as aerospace, growing in importance. While the Atlantic region is still reliant on the United States as an export destination, the region's firms have become more engaged in global value chains and have expanded into other markets, such as the European Union and Asia.

Notwithstanding these improvements, and despite strong growth before the recession, Atlantic Canada's recovery from the economic downturn has been slow. Before the recession, the region's economic growth, driven by offshore oil development in Newfoundland and Labrador, was on par with that of Canada. Since 2010, real GDP has grown in Atlantic Canada, but growth remains significantly below the national level. Most recently, Atlantic Canada's economy expanded in 2016, recovering somewhat from two straight years of subpar growth. Real GDP increased by 1.4%⁵ in 2016 (to \$91 billion), above the national average of 1.3%.⁶

² Statistics Canada, Table 379-0030 - Gross domestic product at basic prices, by North American Industry Classification System, provinces and territories, and Table 051-0001 - Estimates of population. Data retrieved on May 1, 2017. Calculations by ACOA.

³ Ibid.

⁴ Statistics Canada, Table 379-0031 - Gross domestic product at basic prices, by North American Industry Classification System, monthly, and Table 051-0001 - Estimates of population. Data retrieved on May 1, 2017. Calculations by ACOA.

⁵ Statistics Canada, Table 379-0030 - Gross domestic product at basic prices, by North American Industry Classification System, provinces and territories. Data retrieved on May 1, 2017. Calculations by ACOA.

⁶ Statistics Canada, Table 379-0031 - Gross domestic product at basic prices, by North American Industry Classification System, monthly. Data retrieved on May 1, 2017. Calculations by ACOA.

On the trade front, the value of exports from Atlantic Canada declined by about 9%⁷ in 2016 compared to 2015, mainly due to an 18%⁸ decline in the value of energy exports. The value of non-energy exports rose by 1%⁹ during the same period.

Additionally, increased global competition means businesses in Atlantic Canada need to be more competitive and productive. Research and development expenditures in Atlantic Canada (an indicator in understanding innovation and productivity levels) rose by an annual average of 3.6%¹⁰ from 2003 to 2013, exceeding the national increase of 2.6%¹¹ – with improvement occurring in the private and higher education sectors. In order to succeed and grow, firms also need to be able to access the skilled and unskilled labour required for their businesses. To this effect, the share of immigrants to Atlantic Canada rose from 1.5% of the national total in 2005 to 4.6% in 2016.¹²

⁷ Trade Data Online; Innovation, Science and Economic Development Canada. Data retrieved on May 2, 2017. Calculations by ACOA.

⁸ Ibid.

⁹ Ibid.

¹⁰ Statistics Canada, Table 358-0001 - Gross domestic expenditures on research and development. Data retrieved on May 3, 2017. Calculations by ACOA.

¹¹ Ibid.

¹² Statistics Canada, Table 051-0037 - International migration components, Canada, provinces and territories, quarterly (persons), CANSIM. Data retrieved on June 12, 2017. Calculations by ACOA.

Key risks

| Risk | Mitigating strategy and effectiveness | Link to the department's programs | Link to mandate letter commitments, or to government-wide and departmental priorities |
|---|--|---|--|
| <p>Economic Context</p> <p>There is a risk that the achievement of results expected from the Agency's economic development programming may be affected by external factors that contribute to uncertainties for economic growth in Atlantic Canada.</p> | <p>ACOA's numerous networks, regional presence, strong knowledge of the region and agility were key in mitigating this risk and bringing it to an acceptable threshold.</p> <p>Throughout the year, policy research and analysis were conducted on major trends affecting the region, and the Agency supported a number of key reports that examined the many ways that Atlantic Canada's economy is being influenced and how the region can adapt to take advantage of new opportunities.</p> <p>ACOA worked closely with the Privy Council Office (PCO) and other federal and provincial partners to develop the Atlantic Growth Strategy. This initiative was announced by federal ministers and Atlantic premiers in July 2016 to increase federal-provincial collaboration for the betterment of the region. More specifically, ACOA led efforts to develop and launch the new federal-provincial Atlantic Trade and Investment Growth Strategy and a new strategic, collaborative approach to tourism in the region. It also supported the development of key pan-Atlantic innovation initiatives and launched the Accelerated Growth Service in the region.</p> <p>The Agency engaged in a number of internal exercises to develop new frameworks and strategies to better position ACOA to respond to new challenges and opportunities in the region, including a new framework for productivity and growth.</p> | <p>Enterprise Development</p> <p>Community Development</p> <p>Policy, Advocacy and Coordination</p> | <p>Ministerial Mandate Letter:</p> <ul style="list-style-type: none"> - to help Canadian businesses grow, innovate and export; more specifically, to make strategic investments that build on competitive regional advantages - to develop an Inclusive Innovation Agenda <p>Results and Delivery Charters</p> <p>Atlantic Growth Strategy</p> |
| <p>External Capacity</p> <p>There is a risk that partner, community and client capacity for the identification, development and successful implementation of strategic projects may not be sufficient to support the optimal achievement of ACOA's program objectives.</p> | <p>ACOA's numerous networks, regional presence, strong knowledge of the region and agility were key in mitigating this risk and bringing it to an acceptable threshold.</p> <p>The Agency focused on ongoing, proactive intelligence gathering and facilitated federal-provincial dialogues, and has been a strong partner and coordinator in joint meetings and shared actions with all key partners. These engagement efforts, along with a solid integrated planning process, contributed to understanding and strategically addressing differences in how this risk expresses itself across ACOA regions. This led to identifying partnership opportunities and potential alignment of provincial opportunities under the Atlantic Growth Strategy, the Innovation and Skills Plan and clean technology commitments. Under the Atlantic Growth Strategy, ACOA also worked closely with the PCO and other departments to support the Atlantic Growth Advisory Group's approach to engaging with Atlantic Canadians.</p> <p>Moreover, the Agency adopted a strategic approach to building partnerships and capacity to foster growth and diversification in Indigenous communities, rural communities and Government of Canada priority sectors.</p> | <p>Community Development</p> <p>Enterprise Development</p> <p>Policy, Advocacy and Coordination</p> | <p>Ministerial Mandate Letter:</p> <ul style="list-style-type: none"> - to help Canadian businesses grow, innovate and export; more specifically, to make strategic investments that build on competitive regional advantages - to develop an Inclusive Innovation Agenda <p>Results and Delivery Charters</p> <p>Atlantic Growth Strategy</p> |

ACOA's work is driven by client requirements, Government of Canada priorities, and ever-changing local and regional economic landscapes, as described in the operating context. These drivers give rise to uncertainties that can affect the Agency's ability to achieve expected results.

ACOA's organizational priorities reflect the above factors and the need for sound fiscal management and continuous improvement. ACOA's key risks and response strategies have supported its plan to address current challenges and capitalize on opportunities in a manner that is integrated, strategic and nimble, and responsive to the circumstances facing each Atlantic province.

In addition to its department-specific risks, ACOA monitored relevant Government of Canada risks and ensured alignment with whole-of-government strategies. Information Management and Information Technology security represented an area of uncertainty given the frequency, complexity and severity of cyberattacks. ACOA mitigated this risk through ongoing collaboration with Shared Services Canada and other federal departments to undertake the following: coordinate actions and share best practices and information resources; implement Government of Canada policies and procedures; and undertake proactive internal communications to promote employee awareness.

Actual results: what we achieved

Programs

Enterprise Development

Description

Despite recent economic progress and some promising opportunities on the horizon (e.g. energy, shipbuilding), some significant challenges remain for the region to maximize positive growth. One of the most telling indicators of this is that in a number of sectors, productivity remains significantly lower than in leading countries and other regions of Canada. The Agency works in partnership with Atlantic Canadian businesses, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, higher earned incomes and job creation. The Agency works to improve the capacity of Atlantic Canada's rural and urban areas for economic growth through a variety of strategically focused mechanisms: assisting businesses, particularly small and medium-sized enterprises, to start, expand or modernize and to establish or expand export activities; partnering with universities and other institutions to increase the region's research and development capacity, commercialization and productivity; and promoting and participating in the region's transition to a knowledge economy.

Results

In 2016-17, ACOA sharpened its investments in innovation, increased its support for clean technology development and adoption, and helped strengthen the region's network of incubators and accelerators. The Agency's direct investments helped companies increase their productivity and competitiveness, accelerate their growth, strengthen their networks and partnerships, and adopt new technologies. For example, ACOA supported modernization, automation and productivity improvements for companies like Acadian Machine Works Ltd., located in Tignish, P.E.I., and Paul Garland Forest Products Ltd., located in Harbour Grace, N.L. Both companies purchased specialized equipment that will improve productivity of their operations and support their long-term sustainability. ACOA also provided funding to a number of organizations that provide support and services to early-stage companies, provide training, consulting and mentoring expertise to assist SMEs with their commercialization efforts, and facilitate the raising of capital for Atlantic-based SMEs. For example:

- ACOA invested in the Genesis Centre, which supports and grows tech start-ups in Newfoundland and Labrador. By 2016-17, Genoa Design, a marine production design company and past client of Genesis, had grown to 80 employees and expanded its offices in Mount Pearl. It has seen significant revenue growth in recent years and is now participating in the Accelerated Growth Service under the Atlantic Growth Strategy.

- ACOA funded Ignite Fredericton, which assists SMEs that want to conduct research and development projects in the field of smart grid innovation. Ignite Fredericton gives new and emerging companies the opportunity to connect and to test their innovative products in one of the Smart Grid Innovation Network labs. The network is a collaboration between Siemens Canada, NB Power and the University of New Brunswick.

The business survival rate is used to measure ACOA's contribution to increasing companies' competitiveness. A company's survival depends on many factors, such as the age of the business, its location and its size. The Agency exceeded its target for this performance indicator. In fact, the business survival rate for ACOA-assisted firms was 58% after the crucial fifth year following start-up for the 2004 to 2014 period, compared to 32% for unassisted firms. This represents a variance of 26 percentage points in the five-year business survival rate between ACOA-assisted firms and unassisted firms.

Another measure of competitiveness is labour productivity. This is estimated using sales per worker. Labour productivity in ACOA-assisted firms experienced healthy growth between 2009 and 2014, as sales per worker rose by 2.2% per year. Labour productivity also showed strong growth in unassisted firms, rising by 1.9% between 2009 and 2014 as the economy recovered from the recession and sales increased. While the result is lower than the established target, ACOA-assisted firms still outperformed the comparable group in terms of labour productivity growth by 0.3 percentage points. Both of these indicators suggest that the 2008-2009 economic downturn affected ACOA-assisted companies less severely and with fewer lasting consequences.

Results achieved

| Expected result | Performance indicator | 2016-17 Annual target | Date to achieve target | 2016-17 Actual result | 2015-16 Actual result | 2014-15 Actual result |
|---|--|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| Improved growth and competitiveness of Atlantic Canadian SMEs | Percentage points by which the business survival rate of ACOA-assisted firms exceeds that of comparable firms not assisted by ACOA | 10 | March 31, 2017 | 26 | 26 | 9 |
| | Percentage points by which the labour productivity growth of ACOA-assisted firms exceeds that of comparable firms not assisted by ACOA | 3 | March 31, 2017 | 0.3 | 6.1 | 7.3 |

Budgetary financial resources (dollars)

| 2016-17 Main Estimates | 2016-17 Planned spending | 2016-17 Total authorities available for use | 2016-17 Actual spending (authorities used) | Difference (actual minus planned) |
|------------------------|--------------------------|---|--|-----------------------------------|
| 172,961,681 | 172,961,681 | 193,473,736 | 186,231,871 | 13,270,190 |

Human resources (Full-time equivalents [FTEs])

| 2016-17 Planned | 2016-17 Actual | Difference (actual minus planned) |
|-----------------|----------------|-----------------------------------|
| 214 | 218 | 4 |

Community Development

Description

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From rural areas to larger urban centres, the opportunities and challenges vary significantly. Communities are the foundation of economic development and are critical for economic prosperity. The Agency recognizes the importance of communities and supports their efforts to develop the resources they need to contribute fully to their economic development. For these reasons, the Agency focuses community development efforts and strategies to create dynamic and sustainable communities with increased economic and business activities as well as quality public infrastructure. The Agency develops and delivers programming that meets the unique economic development needs of rural areas in Atlantic Canada and that contributes to a stronger region. The Agency collaborates with the private sector, other levels of government, other federal government departments, educational institutions, non-profit organizations and communities to leverage support, coordinate economic development, identify and capitalize on emerging opportunities and react to economic challenges across the region. This requires a flexible approach based on the realities of a given community's capacities, strengths and challenges.

Results

In 2016-17, ACOA worked closely with communities, community economic development networks, and provincial and municipal governments to stimulate the economic development of Atlantic Canada's rural and urban areas. A total of 96% of projects achieved their expected results, which exceeds the target of 80%. For urban communities, the Agency supports emerging, knowledge-based sectors, and partners with local organizations to attract and retain immigrants. It also provides assistance to young entrepreneurs who are building their skills and business capacity with the help of organizations that provide seed funding and advice. In rural areas, businesses accessed essential investment capital, business counselling and skills development through the Community Business Development Corporations (CBDCs), and investments made in strategic sectors such as tourism and resource-based industries address the needs of communities that are vulnerable to the out-migration of skilled workers and an aging population.

- For example, in Prince Edward Island, ACOA supported community planning through Georgetown Port Inc., and then Destination Georgetown Peninsula, to explore opportunities in the small cruise ship market. This led to the design of a waterfront expansion project, the development of a tourism plan that has garnered the support of local businesses and organizations, and increased partnerships with small ports in P.E.I. and Atlantic Canada.

The Agency supported the vitality and growth of Indigenous communities by working closely with Indigenous leadership, Atlantic provincial governments, and Indigenous and Northern Affairs Canada in support of Indigenous economic development. In 2016-17,

ACOA supported 43 projects, with contributions of more than \$5.6 million for Indigenous economic development.

- For example, with assistance from ACOA, the Ulnooweg Development Group, located in Nova Scotia, supported Indigenous businesses by approving 31 loans, representing a total direct investment of \$4.5 million. These investments led to the creation of 29 new jobs in Atlantic Canadian communities.

The Agency approved over \$13.5 million in funding to support the CBDC network. An indicator of the CBDCs' contribution to community development is the survival rate of firms they assist. The five-year business survival rate of CBDC-assisted firms is notably higher than that of comparable firms that were not assisted by the CBDCs: 72% after the crucial fifth year following start-up, compared to 48% for comparable firms not assisted by the CBDCs. This represents a variance of 24 percentage points, which is well above the Agency's target of 10 percentage points.¹³

The Agency continued to engage with official language minority communities and provided \$15.9 million in assistance for 109 projects throughout Atlantic Canada, including projects under the Economic Development Initiative of the [Roadmap for Canada's Official Languages 2013-2018: Education, Immigration, Communities](#).

Results achieved

| Expected result | Performance indicator | 2016-17 Annual target | Date to achieve target | 2016-17 Actual result | 2015-16 Actual result | 2014-15 Actual result |
|--|---|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| Dynamic and sustainable communities in Atlantic Canada with increased economic and business activity | Percentage of Community Development (CD) projects that met expectations, thus contributing to the CD expected result | 80% | March 31, 2017 | 96% | 96% | 91% |
| | Percentage points by which the business survival rate of CBDC-assisted clients exceeds that of comparable firms not assisted by CBDCs | 10 | March 31, 2017 | 24 | 24 | 24 |

Budgetary financial resources (dollars)

| 2016-17 Main Estimates | 2016-17 Planned spending | 2016-17 Total authorities available for use | 2016-17 Actual spending (authorities used) | Difference (actual minus planned) |
|------------------------|--------------------------|---|--|-----------------------------------|
| 97,704,593 | 97,704,593 | 106,882,129 | 106,813,633 | 9,109,040 |

Human resources (FTEs)

| 2016-17 Planned | 2016-17 Actual | Difference (actual minus planned) |
|-----------------|----------------|-----------------------------------|
| 101 | 102 | 1 |

¹³ Statistics Canada, Canadian Centre for Data Development and Economic Research, 2017.

Policy, Advocacy and Coordination

Description

The Agency's Policy, Advocacy and Coordination (PAC) program is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics, and it informs and supports Agency and ministerial decision making. PAC helps carry the Agency's agenda forward and ensure that ACOA overall remains relevant and responsive to the opportunities and challenges in Atlantic Canada by offering strategic, researched policy positions that reflect the region's potential, by influencing national policies and programs that affect Atlantic Canada's development and interests, and by coordinating other policies and programs within the region to form integrated approaches to development.

Results

In 2016-17, the Agency continued to play a critical role in delivering on the federal agenda and reflecting the government's national priorities in Atlantic Canada. ACOA conducted policy research and analysis and provided sound policy advice and advocacy. All PAC activities undertaken met their objectives, thus contributing to expected results.

The research and analysis undertaken was focused on the opportunities and challenges related to key areas of interest for the region's economy, such as clean and renewable energy, high-growth firms, demographics, community economic development, innovation, and trade.

ACOA's policy efforts have contributed to shaping the policy framework around the Atlantic Growth Strategy and the regional economic development agencies' contribution to the federal Innovation and Skills Plan. ACOA's efforts have contributed to making the Atlantic Growth Strategy an inclusive, pan-Atlantic, whole-of-government approach – particularly in the areas of innovation, trade and investment, clean tech, and resource industries. The Agency collaborates with Immigration, Refugees and Citizenship Canada and provincial governments to support the implementation of the Atlantic Immigration Pilot.

The Agency has well-established relationships across government that are instrumental in its strategic advocacy work, ensuring that the Atlantic region's interests were considered in federal decision making and that regional stakeholders were informed of federal government actions and of opportunities relevant to the region. The Agency worked to help Atlantic Canadian SMEs improve innovation and commercialization outcomes and position themselves to seize opportunities related to free trade agreements and national strategies to expand and develop new international markets. ACOA also supported the continued transformation of the region's natural resource sectors, advocating for regional interests in national programming. The Agency's advocacy efforts leveraged industrial benefits for Atlantic Canadian SMEs from defence and Canadian Coast Guard procurements.

In its coordination role, the Agency worked with other federal departments, the four Atlantic Provinces and other stakeholders to improve the climate for business and to capitalize on growth opportunities in the region.

In particular, ACOA has worked closely with central agencies and other government partners to ensure that the Atlantic Growth Strategy harnesses the region's assets, identifies shared economic priorities and ensures collaboration on the design and implementation of actions, while engaging with stakeholders in the region, including Indigenous leaders, and reporting publicly on results.

Results achieved

| Expected result | Performance indicator | 2016-17 Annual target | Date to achieve target | 2016-17 Actual result | 2015-16 Actual result | 2014-15 Actual result |
|--|---|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| Policies and programs that strengthen the Atlantic economy | Percentage of Policy, Advocacy and Coordination (PAC) activities that have met their objectives, thus contributing to the PAC expected result | 75% | March 31, 2017 | 100% | 100% | 100% |

Budgetary financial resources (dollars)

| 2016-17 Main Estimates | 2016-17 Planned spending | 2016-17 Total authorities available for use | 2016-17 Actual spending (authorities used) | Difference (actual minus planned) |
|------------------------|--------------------------|---|--|-----------------------------------|
| 11,740,443 | 11,740,443 | 11,746,750 | 14,638,541 | 2,898,098 |

Human resources (FTEs)

| 2016-17 Planned | 2016-17 Actual | Difference (actual minus planned) |
|-----------------|----------------|-----------------------------------|
| 68 | 67 | (1) |

Supporting information on results achieved, budgetary financial resources and human resources for ACOA's lower-level programs is available in the [Treasury Board of Canada Secretariat's InfoBase](#).

Internal Services

Description

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Results

ACOA pursued the implementation of transformational and organizational initiatives to strengthen and improve its capacity to deliver excellent programs and services, and sought opportunities for increased collaboration within the Agency as well as within the broader government context.

For example, ACOA actively supported the implementation of Phoenix, Public Services and Procurement Canada's new pay and benefits software application. The Agency also continued to work collaboratively with other agencies and departments on the creation of a common grants and contributions program management system.

To align with and support the Clerk of the Privy Council's Blueprint 2020 priorities – respectful workplaces; recruitment and onboarding; and public service renewal – the Agency continued to maintain a strong focus on Blueprint 2020 that fostered employee dialogue and involvement by encouraging new ideas and embracing a culture of innovation, collaboration and engagement. In support of the Federal Public Service Workplace Mental Health Strategy, the Agency established a pan-Atlantic mental health working group, which was tasked with identifying promising practices and opportunities to anchor the development of an action plan for 2017 through 2020. The Agency continued to focus on reinvigorating its recruitment efforts while integrating the Public Service Commission's new approach to staffing. Efforts were maintained to support career and leadership development and empowerment, and to build and maintain a healthy, respectful and supportive workplace to ensure the continuous provision of high-quality service to Canadians now and in the future.

The Agency promoted and strengthened risk management capacity and culture within the organization by ensuring the integration of risk management into its planning and decision-making processes along with the provision of strategic advice. A new streamlined process for the review of risk management action plans was also developed.

The Agency collectively focused on addressing the results and delivery agenda, providing strategic input in support of the development and implementation of the Policy on Results, and implementing its five-year evaluation plan.

To support the Government of Canada’s plan for an open and fair government, the Agency implemented Year 1 requirements of the Open Government Implementation Plan, which included the publication of a data inventory and new data sets on the Government of Canada Open Data Portal.

The Agency continued to implement its Values and Ethics Strategy, ensuring that values and ethics remain at the foundation of its corporate culture and to promote open dialogue at all levels of the organization with activities that foster a culture of civility and respect in the workplace. The Agency also followed sound financial and human resources management practices in administrating the Agency’s resources.

Budgetary financial resources (dollars)

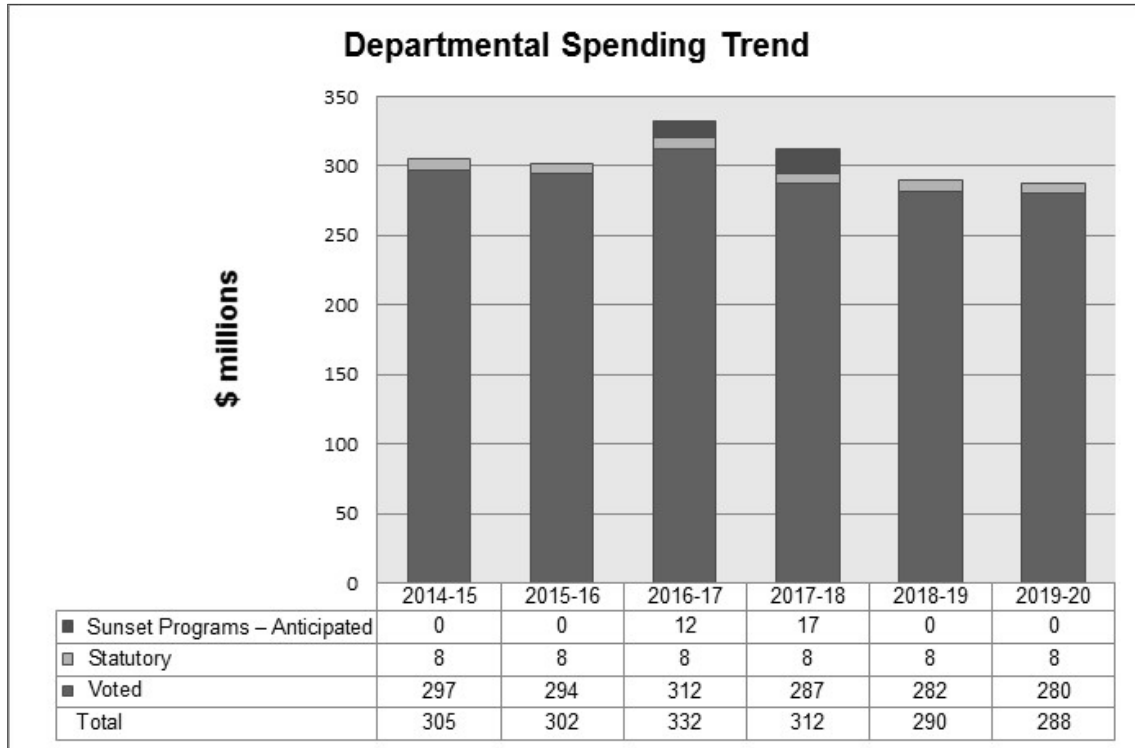
| 2016-17 Main Estimates | 2016-17 Planned spending | 2016-17 Total authorities available for use | 2016-17 Actual spending (authorities used) | Difference (actual minus planned) |
|---------------------------|-----------------------------|---|--|---|
| 25,790,487 | 25,790,487 | 25,746,944 | 24,681,457 | (1,109,030) |

Human resources (FTEs)

| 2016-17 Planned | 2016-17 Actual | Difference (actual minus planned) |
|--------------------|-------------------|--------------------------------------|
| 207 | 195 | (12) |

Analysis of trends in spending and human resources

Actual Expenditures



This graph illustrates the Agency's actual spending from 2014-15 through 2016-17 and planned spending from 2017-18 through 2019-20.

In 2016-17, the Agency's spending was \$30 million higher than that of the previous year, mainly due to the following changes in authorities:

- an increase of \$16.6 million to support the Canada 150 Infrastructure Program (CIP 150);¹⁴
- an increase of \$14.2 million from the collection of repayable contributions; and
- various minor decreases due to variations that occurred in the normal course of business.

Starting in 2017-18, amounts related to the collection of repayable contributions are not included, which mainly explains the \$20 million variance in planned spending.

In 2018-19, the sunseting of the CIP 150 funding and the termination of funding for the spruce budworm outbreak intervention initiative, as announced in Budget 2014, will further reduce planned spending by \$22 million.

¹⁴ The Canada 150 Infrastructure Program is more commonly known as the Canada 150 Community Infrastructure Program.

Budgetary performance summary for Programs and Internal Services (dollars)

| Programs and Internal Services | 2016-17 Main Estimates | 2016-17 Planned Spending | 2017-18 Planned Spending | 2018-19 Planned Spending | 2016-17 Total Authorities Available for Use | 2016-17 Actual Spending (authorities used) | 2015-16 Actual Spending (authorities used) | 2014-15 Actual Spending (authorities used) |
|-----------------------------------|------------------------|--------------------------|--------------------------|--------------------------|---|--|--|--|
| Enterprise Development | 172,961,681 | 172,961,681 | 170,058,923 | 165,171,923 | 193,473,736 | 186,231,871 | 171,964,203 | 173,992,156 |
| Community Development | 97,704,593 | 97,704,593 | 104,552,144 | 87,732,144 | 106,882,129 | 106,813,633 | 91,402,846 | 90,659,999 |
| Policy, Advocacy and Coordination | 11,740,443 | 11,740,443 | 10,966,274 | 10,691,274 | 11,746,750 | 14,638,541 | 11,828,235 | 12,444,235 |
| Subtotal | 282,406,717 | 282,406,717 | 285,577,341 | 263,595,341 | 312,102,615 | 307,684,045 | 275,195,284 | 277,096,390 |
| Internal Services | 25,790,487 | 25,790,487 | 25,967,603 | 25,967,603 | 25,746,944 | 24,681,457 | 26,413,684 | 28,176,701 |
| Total | 308,197,204 | 308,197,204 | 311,544,944 | 289,562,944 | 337,849,559 | 332,365,502 | 301,608,968 | 305,273,091 |

For 2016-17, planned spending of \$308.2 million increased by \$29.6 million, resulting in total authorities of \$337.8 million. This was due to the following changes:

- an increase of \$17.3 million in the collection of repayable contributions;
- an increase of \$8.3 million in funding for CIP 150;
- an operating budget carry forward of \$3.2 million from 2015-16;
- an increase of \$1.7 million in funds transferred from the Department of National Defence in support of a project; and
- a decrease of \$0.9 million in contributions to employee benefit plans.

From total authorities of \$337.8 million, actual spending was \$332.4 million. This resulted in a surplus of \$5.4 million. Of that amount, \$3.2 million was carried forward as part of the Agency's operating budget; a portion of the balance was included in the amount set aside to assist with anticipated economic increases resulting from the pending new collective agreements, and the remaining balance lapsed.

Actual human resources

Human resources summary for Programs and Internal Services (FTEs)

| Programs and Internal Services | 2014-15 Actual | 2015-16 Actual | 2016-17 Forecast | 2016-17 Actual | 2017-18 Planned | 2018-19 Planned |
|-----------------------------------|-------------------|-------------------|---------------------|-------------------|--------------------|--------------------|
| Enterprise Development | 218 | 208 | 222 | 218 | 222 | 222 |
| Community Development | 95 | 102 | 103 | 102 | 101 | 101 |
| Policy, Advocacy and Coordination | 60 | 64 | 69 | 67 | 68 | 68 |
| Subtotal | 373 | 374 | 394 | 387 | 391 | 391 |
| Internal Services | 197 | 199 | 199 | 195 | 199 | 199 |
| Total | 570 | 573 | 593 | 582 | 590 | 590 |

Human resource levels at ACOA remain stable. The minor fluctuations that occur reflect resource realignments in support of priorities and projects. The Agency will continue to achieve its results by allocating its human resources to best support its programs.

Expenditures by vote

For information on ACOA's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2017](#).

Alignment of spending with the whole-of-government framework

Alignment of 2016-17 actual spending with the [whole-of-government framework](#) (dollars)

| Program | Spending area | Government of Canada activity | 2016-17 Actual spending |
|-----------------------------------|------------------|-------------------------------|-------------------------|
| Enterprise Development | Economic Affairs | Strong Economic Growth | 186,231,871 |
| Community Development | Economic Affairs | Strong Economic Growth | 106,813,633 |
| Policy, Advocacy and Coordination | Economic Affairs | Strong Economic Growth | 14,638,541 |

Total spending by spending area (dollars)

| Spending area | Total planned spending | Total actual spending |
|-----------------------|------------------------|-----------------------|
| Economic affairs | 282,406,717 | 307,684,045 |
| Social affairs | 0 | 0 |
| International affairs | 0 | 0 |
| Government affairs | 0 | 0 |

Financial statements and financial statements highlights

Financial statements

[ACOA's financial statements](#) for the year ended March 31, 2017, are available on the Agency's website.

Financial statements highlights

Condensed Statement of Operations (unaudited) for the Year Ended March 31, 2017 (dollars)

| Financial Information | 2016-17 Planned results | 2016-17 Actual | 2015-16 Actual | Difference (2016-17 actual minus 2016-17 planned) | Difference (2016-17 actual minus 2015-16 actual) |
|---|-------------------------------|--------------------|--------------------|--|---|
| Total expenses | 251,381,461 | 250,534,548 | 231,222,133 | (846,913) | 19,312,415 |
| Total revenues | 17,461 | 22,472 | 17,493 | 5,011 | 4,979 |
| Net cost of operations before government funding and transfers | 251,364,000 | 250,512,076 | 231,204,640 | (851,924) | 19,307,436 |

Expenses

Actual total expenses were \$250.5 million in fiscal year 2016-17, an increase of \$19.3 million (8.4%) compared to the previous fiscal year.

The increase was mainly due to additional spending of \$12.5 million for the CIP 150 and an accounting adjustment made every year in regard to conditionally repayable contributions. When payments are made on conditionally repayable contributions, the amounts are included in expenses until conditions for repayment are met, at which time the Agency reduces its expenses and increases its accounts receivables. During the 2016-17 fiscal year, the reduction to expenses was lower by \$11.3 million compared to the 2015-16 fiscal year. These increases were offset by other minor decreases.

Of the total expenses of \$250.5 million, \$108.2 million (43.2%) was spent in the Community Development program, while \$99.6 million (39.8%) was spent under the Enterprise Development program.

Condensed Statement of Financial Position (unaudited) as at March 31, 2017
(dollars)

| Financial information | 2016-17 | 2015-16 | Difference (2016-17 minus 2015-16) |
|--|--------------------|--------------------|---------------------------------------|
| Total net liabilities | 61,000,356 | 61,060,207 | (59,851) |
| Total net financial assets | 55,589,191 | 55,269,204 | 319,987 |
| Departmental net debt | 5,411,165 | 5,791,003 | (379,838) |
| Total non-financial assets | 1,062,215 | 695,031 | 367,184 |
| Departmental net financial position | (4,348,950) | (5,095,972) | 747,022 |

Liabilities

Total net liabilities were \$61.0 million at the end of the 2016-17 fiscal year, representing a decrease of \$0.1 million (0.2%) from fiscal year 2015-16.

Assets

Total net financial assets equalled \$55.6 million at the end of the 2016-17 fiscal year, an increase of \$0.3 million (0.5%) over the previous year's total. The assets primarily consist of the "Due from the Consolidated Revenue Fund" (\$54.5 million), which is used to discharge the Agency's liabilities.

Total non-financial assets were \$1.1 million at the end of 2016-17 fiscal year, an increase of \$0.4 million (52.8%) over the previous fiscal year's total of \$0.7 million. The increase is mainly attributable to the work in progress related to the Grants and Contributions Program Management system.

Supplementary information

Corporate information

Organizational profile

Appropriate minister:

The Honourable Navdeep Bains, PC, MP

Institutional head:

Francis P. McGuire, President

Ministerial portfolio:

Innovation, Science and Economic Development

Enabling instrument:

Part I of the Government Organization Act, Atlantic Canada 1987, R.S.C., 1985, c. 41 (4th Supp.), also known as the Atlantic Canada Opportunities Agency Act. See the [Department of Justice Canada website](#) for more information.

Year of incorporation/commencement:

1987

Reporting framework

ACOA's Strategic Outcome and Program Alignment Architecture of record for 2016-17 are shown below.

1. Strategic Outcome: A competitive Atlantic Canadian economy

1.1 Program: Enterprise Development

1.1.1 Sub-Program: Innovation and Commercialization

1.1.2 Sub-Program: Productivity and Growth

1.1.3 Sub-Program: International Business Development

1.2 Program: Community Development

1.2.1 Sub-Program: Community Investment

1.2.2 Sub-Program: Community-based Business Development

1.3 Program: Policy, Advocacy and Coordination

1.3.1 Sub-Program: Policy

1.3.2 Sub-Program: Advocacy

1.3.3 Sub-Program: Coordination

Internal Services

Supporting information on lower-level programs

Supporting information on results achieved, budgetary financial resources and human resources for ACOA's lower-level programs is available in the [Treasury Board of Canada Secretariat's InfoBase](#).

Supplementary information

The following supplementary information is available on ACOA's website.

- [Departmental Sustainable Development Strategy](#)
- [Details on Transfer Payment Programs of \\$5 Million or More](#)
- [Internal Audits and Evaluations](#)
- [Responses to Parliamentary Committees and External Audits](#)
- [User Fees](#)

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures](#). This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in the report are the responsibility of the Minister of Finance.

Organizational contact information

Atlantic Canada Opportunities Agency
P.O. Box 6051, Moncton, New Brunswick E1C 9J8

Courier address:
644 Main Street, Moncton, New Brunswick E1C 1E2

General inquiries: 506-851-2271
Toll free (Canada and the United States):
1-800-561-7862 Facsimile: 506-851-7403
Secure Facsimile: 506-857-1301
TTY: 1-877-456-6500
Access to Information/Privacy: 506-851-2271
<http://www.acoa-apeca.gc.ca/Eng/Pages/Home.aspx>

Appendix: definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (Plan ministériel)

Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

departmental result (résultat ministériel)

A Departmental Result represents the change or changes that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

departmental result indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (Rapport sur les résultats ministériels)

Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

evaluation (évaluation)

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

government-wide priority (priorité pangouvernementale)

For the purpose of the 2017–18 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada's Strength; and Security and Opportunity.

horizontal initiative (initiative horizontale)

An initiative where two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (for example, by Cabinet or a central agency) as a horizontal initiative for managing and reporting purposes.

Management, Resources and Results Structure (Structure de la gestion, des ressources et des résultats)

A comprehensive framework that consists of an organization’s inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates. A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

plan (plan)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priority (priorité)

Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (programme)

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (architecture d'alignement des programmes)

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

result (résultat)

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (résultat stratégique)

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the

program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

TTY (ATS)

A teletype or teletypewriter is a special device that lets people who are deaf, hard of hearing or speech impaired use the telephone to communicate by typing messages back and forth to one another instead of talking and listening. A TTY is required at both ends of the conversation in order to communicate.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.