



# Five-Year Report to Parliament 2008-2013



Atlantic Canada  
Opportunities  
Agency

Agence de  
promotion économique  
du Canada atlantique

Canada

Five-Year Report to Parliament 2008-2013  
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## Minister's Message

It has been over 25 years since an act of Parliament created the Atlantic Canada Opportunities Agency (ACOA) to foster economic development in Atlantic Canada.

ACOA pursues its mission by focusing on Atlantic Canada's communities and the small and medium-sized enterprises that help drive these local economies. In this manner, ACOA has helped Atlantic Canadians build a more competitive economy – one that is increasingly innovative, technologically savvy and equipped to compete in an ever changing global market.



ACOA's investments have led to growth in traditional and emerging sectors, including forestry, aerospace, bioscience and tourism. ACOA helped Groupe Savoie, which employs 450 people, purchase new equipment for its mill in Saint-Quentin, N.B. This allowed the company to improve productivity levels and the quality of its products. The Agency played a key role in establishing the Northern Hardwoods Research Institute, which carries out research aimed at enhancing the industry and its global competitiveness. ACOA assistance to MDS Coating Technologies Corporation of Prince Edward Island has enabled the firm to expand its proprietary coating technologies and create 15 new jobs, increasing its staff to 65. In Nova Scotia, ACOA supported innovation and expansion initiatives at Ocean Nutrition Canada Limited that helped to further develop the province's emerging biotech sector, generating significant foreign direct investment and the creation of a new start-up company, MARA Renewables Corporation, which employs 16 people. And in Newfoundland and Labrador, ACOA helped the Fisher's Loft Inn Inc. establish a state-of-the-art conference centre, which has extended the Inn's season from six to eight months. As a result, the business now employs 25 people and can accommodate more than 6,000 guests each year from around the world.

ACOA continues to advance our Government's jobs and growth agenda through its core programs and services and through initiatives such as the Atlantic Gateway, the Atlantic Energy Gateway and the Atlantic Shipbuilding Action Plan. Furthermore, the Agency played a key role in our Government's Economic Action Plan by delivering, in the region, the Recreational Infrastructure Canada Program, the Community Adjustment Fund and, more recently, the Community Infrastructure Improvement Fund. These initiatives have helped create and sustain jobs while mitigating the impact of the ongoing fragility of the global economy.

As per the requirements outlined in the *Government Organization Act, Atlantic Canada 1987*, I hereby present the Atlantic Canada Opportunities Agency's Five-Year Report to Parliament, 2008-2013.

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Bernard Valcourt, PC, MP  
Minister of Aboriginal Affairs and Northern Development



## Minister of State's Message

Since 1987, the Atlantic Canada Opportunities Agency has been supporting economic growth in Atlantic Canada. Since then, ACOA has helped small and medium-sized enterprises become more competitive, innovative and productive, has supported the development and diversification of local economies, and has continuously promoted the strengths and interests of our region at the national level.

ACOA has proven itself through its ability to evolve and respond to the region's changing needs and circumstances in a timely and relevant manner, ensuring its priorities continue to match the real and current needs of Atlantic Canadians. ACOA's Five-Year Report to Parliament, 2008-2013 shows that the Agency's programming has been an important catalyst for business start-ups and expansions, skills development, the commercialization of new technologies and increased trade activity.



This report is a record of ACOA's performance over a turbulent five-year period as Atlantic Canada felt the effects of the global economic slowdown – effects that were mitigated by the Government of Canada's Economic Action Plan stimulus initiatives, delivered in Atlantic Canada by ACOA. Investments made through the Recreational Infrastructure Canada Program and the Community Adjustment Fund provided crucial support to local economies, helping to create much-needed jobs and set the stage for economic growth.

Working together with its regional economic development partners, ACOA has laid a strong foundation that will help Atlantic Canadians address evolving economic challenges and continue to capture opportunities for long-term economic growth and prosperity.

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Rob Moore, PC, MP  
Minister of State (Atlantic Canada Opportunities Agency)





# Introduction

The Atlantic Canada Opportunities Agency (ACOA) came into being in 1988, after the *Government Organization Act, Atlantic Canada 1987* received royal assent. Part I of the Act established ACOA, while Part II established Enterprise Cape Breton Corporation (ECBC), which is included in the Minister's portfolio.

According to the act, the Agency's president is required to submit to the minister a five-year report to Parliament on ACOA's activities. This is the fifth such report since the Agency's founding and covers the period April 1, 2008 to March 31, 2013. The report is organized into three main sections:

**Chapter 1: Focusing on the Atlantic Canadian Economy** provides an overview of ACOA's tailored approach to economic development in Atlantic Canada.

**Chapter 2: Making Results the Top Priority** provides a detailed analysis of initiatives and results obtained in the Agency's main areas of activity.

**Chapter 3: The Way Ahead** summarizes ACOA's economic development priorities, tethered to the region's challenges and opportunities, for the future.



# Chapter 1: Focusing on the Atlantic Canadian Economy

## ACOA's History and Mandate

It's been over 25 years since an act of Parliament created the Atlantic Canada Opportunities Agency (ACOA). The conditions facing the Atlantic Canadian economy have changed since the Agency's inception, with the region having to adjust to several challenges: the transitioning of the fishery, the recession of the 1990s, globalization, and the financial crisis of 2008. In tandem with the transformation of the regional economic landscape, the Agency has adapted its policies and programs in order to assist Atlantic Canada in realizing its full economic potential.

ACOA has remained a strong force in economic development precisely because it has been able to evolve in its approach and strategies to pursue its mandate: *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*. The Agency has been carrying out this mandate by focusing on the needs of the region's small and medium-sized enterprises (SMEs) – its entrepreneurs – and the communities, both large and small, that they call home. In doing so, ACOA has worked to help the people of Atlantic Canada build, for themselves, a more competitive economy – one that is more innovative, more technologically savvy and better equipped to embrace global trade opportunities.

In establishing ACOA, the Government of Canada understood that Atlantic Canada's economic challenges are unique. Its population was more rural than other parts of the country. The economy was highly dependent on traditional resource industries. The proportion of the region's workforce that was seasonal in nature was higher. Acquiring private capital for business investment was challenging. And though its centres of higher learning were among the finest in the nation, the region lagged the rest of Canada in adopting and implementing innovation that would improve business productivity.

All of which is why ACOA was conceived as a decidedly "regional" entity, headquartered in Atlantic Canada, with offices across the four Atlantic provinces, to make decisions and work to meet the economic development challenges directly in the region. It's also why collaboration and partnering have played fundamental roles in the way the Agency conducts itself.

Since its establishment, ACOA has helped build many stakeholder networks with provincial and municipal governments, community development organizations, universities, colleges, boards of trade, chambers of commerce and industry associations. These alliances have enabled the Agency to better understand local realities, allowing ACOA and the Government of Canada to make informed policy and program decisions to support economic development opportunities in communities across Atlantic Canada.

## **ACOA's Role in Stimulating the Atlantic Economy**

Over the past five years, the Agency played an important role in helping the Government of Canada stimulate the economy in Atlantic Canada after one of the worst global economic downturns since the Great Depression. The Agency delivered the first phase of Canada's Economic Action Plan (2009-2011) in the Atlantic region, including the Recreational Infrastructure Canada Program and the Community Adjustment Fund, followed by the Community Infrastructure Improvement Fund, launched in 2012. Combined, these programs represent \$146.7 million in investment in the Atlantic economy and leveraged \$287.9 million from other sources. ACOA's repayable assistance to SMEs also increased from \$50 million in 2008-2009 to \$67 million in 2012-2013 to help fill a gap left by traditional lending institutions during the global recession.

## **Key Areas of Focus Over the Last Five Years**

Recognizing a changing economic climate, ACOA's priorities remain focused on meeting Atlantic Canada's major economic challenges and opportunities for growth through its program activities: enterprise development; community development; policy, advocacy and coordination; and internal services. The Agency's main priorities include building business productivity and competitiveness; strengthening the economic base of small, rural communities; working with the private sector, provincial governments and others to capitalize on new, major projects; and improving its own efficiency in the way it delivers programs and services to Atlantic Canadians.

Reflecting the Agency's strong connection to the region and its communities, ACOA's programs and priorities have proven to be well aligned with Atlantic Canada's real and current needs. Over the last five years, all of ACOA's programs were evaluated and overall findings confirm that they were indeed relevant and effective, and have achieved their intended results. In fact, as a testimony to this strong

performance, the Government of Canada made key ACOA programs, including the Atlantic Innovation Fund, the Innovative Communities Fund and the Community Futures Program, permanent components of the Agency's programming. This is a clear recognition of the effectiveness of ACOA's programming in supporting economic growth prospects in Atlantic Canada.

ACOA's priorities are well aligned with those of the Government of Canada's jobs and growth agenda, which includes modernizing research and innovation policy in order to maximize commercial results; a continued focus on productivity to enhance the competitiveness of the Canadian economy and ensure long-term prosperity; investing in public infrastructure, a key enabler of economic growth and job creation; delivering on the National Shipbuilding Procurement Strategy (NSPS); assisting the development of major natural resource projects; and implementing a global commerce strategy for building trade and investment relationships with nations in the eastern and southern hemispheres of the world.

Meanwhile, ACOA has continued its active involvement in the Atlantic Gateway, in collaboration with Transport Canada, the four provincial governments and the private sector. This initiative seeks to strengthen the region's transportation infrastructure and promote its capacities in all modes and specialized niche services as a seamlessly integrated road, rail and air transportation system that links North America with markets in Europe, Asia and the rest of the world.

Through the Atlantic Energy Gateway, ACOA works in collaboration with Natural Resources Canada on behalf of the federal government to bring together public- and private-sector stakeholders in this critical segment of the region's economy to work toward an affordable, secure, environmentally sound energy future, and to maximize the business and job growth potential implicit in developing Atlantic Canada's energy industries.

Most recently, ACOA created and launched the Atlantic Shipbuilding Action Plan, which is designed to help businesses in the region ready themselves for opportunities that will flow from the Government of Canada's renewal of the nation's naval and coast guard fleets. These \$35 billion procurements, which are being carried out under the Government of Canada's NSPS, represent a historic opportunity for job creation and growth in Atlantic Canada.

Through this action plan, ACOA is working closely with all four Atlantic Provinces, area businesses, industry associations, prime contractors,

economic development organizations, and educational and research institutions to help SMEs in the region understand the process and address fields of expertise – such as innovation capacity, certification and workforce skills – they will need in order to succeed. Since February 2012, 17 information sessions have been held across the Atlantic provinces to ensure that firms are well positioned to benefit from the NSPS.

Innovation continues to play a major role in the transformation of Atlantic Canada's economy. Innovation drives productivity, which in turn drives economic growth and raises our standard of living. Through its Atlantic Innovation Fund (AIF) and Business Development Program (BDP), the Agency has continued to invest in research and development (R&D) activities in Atlantic Canada, including the commercialization of R&D outputs and technology adoption/adaptation by SMEs. As demonstrated in the 2010 evaluation of its innovation-related programming (e.g. the AIF and BDP), ACOA's support has enhanced commercialization capacity and productivity levels in Atlantic Canada and innovation projects have addressed skills gaps in specialized areas.

Tourism is another important component of the Atlantic Canadian economy. According to provincial tourism statistics, Atlantic Canada hosts over 5.5 million travellers annually. These travellers inject an estimated \$4.2 billion into the regional economy, directly supporting 9,726 businesses and providing full-time equivalent employment for 58,193 Atlantic Canadians. As a catalyst for tourism innovation and development, ACOA supports tourism initiatives through its regular programming and fosters partnerships with tourism industry associations, private-sector groups, provincial and municipal governments, and other federal departments and agencies in developing new approaches to tourism development and marketing in Atlantic Canada. The Agency also focuses government and industry attention on investments and activities that increase the growth and competitiveness of the region's tourism industry, priorities that are aligned with and that directly support the strategic objectives of the Government of Canada's Federal Tourism Strategy.

## Overall Performance

Overall, ACOA's support to businesses in Atlantic Canada over the past five years has had a considerable impact on the Atlantic economy. Each dollar ACOA has invested directly in businesses has generated more than \$5.40<sup>1</sup> in gains. Labour productivity among ACOA-assisted firms has increased by an average of 5.4 percent<sup>2</sup> a year. In fact, the Atlantic region's GDP has been estimated to be almost \$1 billion<sup>3</sup> higher than it would have been without the Agency's programs and services.

ACOA's programs and services continue to recognize the opportunities and challenges that exist in the Atlantic Canadian economy. They strive to build on strengths, address gaps and position the region to play an effective role in the knowledge-based global economy. By working with SMEs, other governments and private- and public-sector organizations, ACOA helps the Atlantic region develop its economic potential. This is accomplished by encouraging the start up and expansion of SMEs; improving business skills; developing new markets; investing in innovation to commercialize new products, services and processes; and investing in communities to build capacity and new economic options.

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<sup>1</sup> Calculations by Atlantic Canada Opportunities Agency using simulations by The Conference Board of Canada, August 2013.

<sup>2</sup> Centre for Special Business Projects, Statistics Canada, April 2013.

<sup>3</sup> Calculations by Atlantic Canada Opportunities Agency using simulations by The Conference Board of Canada, August 2013.





# **Chapter 2: Making Results the Top Priority**

## **Enterprise Development**

Entrepreneurs – the men and women who start businesses and create jobs – are at the centre of ACOA’s raison d’être. The Agency works with SMEs in a variety of ways. With the assistance of repayable loans, ACOA helps SMEs start, expand or modernize their operations. Through the Canada-Atlantic Provinces Agreement on International Business Development, SMEs in Atlantic Canada participate in trade missions and are able to establish and expand export activities. The Agency also partners with other levels of government, universities and private institutions to increase the region’s R&D capacity, commercialization outcomes and productivity improvements.

ACOA’s work has a significant impact on the region; the business survival rate is a strong indicator of that. Over the past five years, the durability of firms helped by the Agency has increased measurably. In fact, the five-year business survival rate for ACOA-assisted firms is notably higher than the rate for unassisted firms. During the 2000 to 2010 period, 58 per cent of ACOA-assisted firms survived the crucial fifth year following start-up, versus 39 per cent for comparable unassisted firms.

Sales are another good indicator of the performance of businesses that have received assistance from ACOA. Sales by ACOA-assisted firms totalled \$17.2 billion in 2010, up from \$14.8 billion in 2005. This represents an average increase of three per cent a year. By comparison, sales by unassisted firms fell from \$58.3 billion in 2005 to \$56.9 billion in 2010, representing an average decline of 0.5 per cent a year. That is a 3.5-percentage-point variance between ACOA-assisted firms and unassisted ones.

In order to facilitate business growth and productivity, including commercialization and exporting, ACOA provides business skills development support to entrepreneurs in Atlantic Canada through activities such as workshops and strategic planning sessions, in-house training or hiring of expertise, networking with other entrepreneurs, and mentoring. As many as 90 per cent of SME owners who availed themselves of ACOA business skills development activities said the training improved their ability to start, sustain or grow a business.

In fact, the Agency’s efforts to develop business skills and assist SMEs are wide-ranging, including those related to the Atlantic Shipbuilding

Action Plan. Through this plan, ACOA encourages SMEs in the region, including those in rural areas and Aboriginal businesses and organizations, to acquire the skills and certifications they need to prepare for shipbuilding and other supply-chain procurement opportunities. To facilitate Atlantic SME participation in these supply chains, the Agency organized 17 supplier-development information sessions and has, on an ongoing basis, showcased Atlantic businesses to industry through industry tours, information sessions and networking events. Five of these information sessions were targeted to the Aboriginal community.

Over the past five years, the AIF has provided crucial support for leading-edge R&D and it continues to be an important catalyst for many Atlantic Canadian businesses, universities and research institutions to collaborate on and invest in new ideas, processes, products and services. This is made evident through the R&D project proposals submitted under the last few competitive rounds, most of which involved collaborations between universities and the private sector. Over the past five rounds, the AIF has invested \$308.2 million toward 139 projects, which has resulted in over 300 meaningful partnerships between universities and the private sector.

More importantly, ACOA's investments have stimulated others to invest in Atlantic innovation. In fact, for every dollar invested by the Agency in innovation projects, \$0.93 was leveraged from other sources.

The downturn in the global economy has proven challenging for Atlantic Canada's exporters. Still, export performance – especially that of SMEs – has improved steadily over the years. ACOA has helped many companies enter international markets and succeed there. ACOA's analysis of globalization trends has also enabled it to identify and support industry sectors with solid growth potential abroad. As a 2010 evaluation of the Agency's Trade and Investment Program attests, the Agency's work in this area meets an important need in the Atlantic region and is aligned with federal government priorities and strategies. Furthermore, the evaluation confirmed significant progress toward the achievement of ACOA's objectives to increase export capacity and sales. The 130 trade commercial clients interviewed that received project funding reported increased annual export sales of \$161 million, which they attributed to the assistance received from ACOA.

ACOA has also worked to improve entrepreneurs' access to capital to expand and modernize their businesses. In 2008-2009, the Agency

approved \$12.6 million in support of new business establishment, expansion and modernization projects. By 2012-2013, ACOA's assistance for expansion and modernization projects had tripled, providing \$36.5 million to 163 projects. A further \$90.0 million was leveraged from other sources, sharing the costs and risks of these projects with the private sector. A 2010 evaluation of the Agency's Financing Continuum program found that it addressed the financing gap present in the Atlantic economy by improving access to financing for SMEs. The program also filled an important void by funding higher-risk projects that many other lenders were reluctant to support, enabling SMEs to access funding for expansion and modernization with flexible repayment terms.

### **Success Stories**

#### Fighting Off Erosion

Helicopters and other aircraft operating in harsh conditions are constantly exposed to erosion. Sand and dust get inside engines, reducing performance and longevity. This is particularly true during takeoffs and landings on unpaved strips in the deserts of Iraq, Afghanistan and the Middle East.



At MDS Coating Technologies Corporation in Summerside, P.E.I., scientists have developed a number of special protective coatings that guard against the corrosion and erosion of aircraft engines. These coatings are designed specifically to protect gas turbine compressor blades.

The ER-7 has extended the life of the T64 engine, installed on the H-53 Helicopter, from 113 hours of operation to over 2,000 hours in harsh desert environments. After more than 10 million operating hours, the coating has proven to be an effective and viable protection. Indeed, the product has been approved by major engine manufacturers.

MDS received AIF funding to implement its protective coating products. ACOA has since provided funding for further R&D of other coating products as well as for the commercialization of other processes.

With AIF funding, MDS has commercialized research results and has helped attract new talent and a highly skilled workforce.

### From the Miramichi to the Middle East

After weathering 40 years of highs and lows on the road to economic growth, Sunny Corner Enterprises of Miramichi, N.B., is an industrial construction company that has truly come a long way.



Among the company's recent achievements: the fabrication and installation of pipe at the first LNG plant in North America.

"Today, we handle all kinds of construction projects – from energy plants to oil and gas installations – with a variety of fabrication and industrial supply services as well," says company President Gordie Lavoie.

In fact, he says Sunny Corner has taken its expertise in implementing ISO 9001:2008 standards across the region and into the United States and is now ready to expand even farther. With the opening of a new drill rig manufacturing facility in 2011 and a drill rod manufacturing facility in 2013, the company is now manufacturing and distributing exploration drilling equipment and tools for Sandvik Mining, a leading global supplier of services for the mining industry.

Over the years, Sunny Corner has benefited from ACOA assistance, allowing the company to expand its markets, establish important business partnerships, build fabrication shops and purchase the equipment needed to succeed.

This is a company that is poised for continued growth and success as it garners international attention by partnering with other like-minded businesses to bid on large contracts and by realizing smaller projects.

## Dressing for Success in the Spirit of Enterprise

“When I started my business, I went to a conference where somebody did a presentation on the apparel industry, and he said if you’re ever going to consider selling clothes online, don’t do it; it’s not going to work. But I’m not the type of person who takes no for an answer. AbbyShot is now known worldwide for making movie replica clothing.



“ACOA helped lay the groundwork for the beginning of the company. They helped us acquire equipment we needed to get the company started, hire new people with the skill sets that we didn’t have. We never would be here without the help of ACOA.

“I think AbbyShot is successful because of the creative people that we have around us. This is an opportunity to tap into your highest power here, and actually do the things that you absolutely love.”

— Bonnie Cook, General Manager of AbbyShot Clothiers, Mount Pearl, N.L.

## Not Just Another Fish Tale

A growing recognition of the health benefits of fish oils and good old-fashioned research turned a once tiny business into the world’s leading supplier of marine-based dietary supplements and bulk nutraceutical ingredients. In the process, Atlantic Canada has incubated a story bringing together local innovation and foreign direct investment attraction.



After company researchers discovered a breakthrough technology that transformed fish oil into a fine powder, Ocean Nutrition Canada Limited (ONC), of Dartmouth, N.S., opened its first micro-encapsulation plant in 2001. Starting out with just 4 employees in 1997, ONC grew to have more than 400 worldwide, including 45 researchers and 14 doctoral level investigators on staff.

Its reputation as a global leading supplier of Omega-3 EPA/DHA ingredients made ONC one of the largest privately owned marine

research and development facilities in North America. ACOA funding helped ONC purchase equipment, develop new processes and technologies, expand facilities, and undertake marketing activities. ONC supported ACOA's goals for increasing the region's capacity to carry out leading-edge R&D and engage in successful export activities to global markets.

All of ONC's success led to the company being acquired by Royal DSM in July 2012 for \$540 million and fully repaying its obligations to the Agency. As a global leader in life and materials sciences, DSM is looking to build upon the company's capacity and create further jobs in the region.

## **Community Development**

While entrepreneurs are a vital component of Atlantic Canada's economy, it is the communities where they live and work that benefit from their initiatives. ACOA recognizes that large centres and small towns alike are the foundation of economic development; their health is fundamental to the region's long-term prosperity. For this reason, the Agency supports community efforts to develop the resources required to assume full responsibility for their own economic well-being. By working with local organizations, provincial governments and other branches of the federal government, the Agency helps communities implement their own unique initiatives that support local economic development.

Over the past five years, ACOA's primary tool for investing in community development has been the Innovative Communities Fund (ICF). This fund provides non-repayable investments to not-for-profit organizations such as local development associations, municipalities and their agencies, business and technology institutes, industry sector associations, universities and other educational institutions. Since 2008-2009, the Agency has invested more than \$163 million, leveraging more than twice this amount from other sources, to develop competitive industry sectors, strengthen community infrastructure and enhance the capacity of communities to overcome economic development challenges.

Meanwhile, through the Community Futures Program, ACOA continued to support Atlantic Canada's Community Business Development Corporations (CBDCs), which provide an essential source of capital for Atlantic Canada's rural businesses. These not-for-profit organizations are led by local volunteer boards from the community, empowered to implement local solutions to local problems in designated rural areas. In 2010-2011, a new funding model known as the Community Futures of Tomorrow was implemented with the aim of establishing a more efficient and effective process for maximizing the use of resources within the CBDC network. Reinforcing this, a new governance model – ensuring a consistent framework and standards for accountability, transparency and confidentiality for all Atlantic CBDCs – was established and implemented during 2012-2013.

Over the past five years, there has been steady growth in CBDC investment in rural SMEs, culminating in a historic high in 2012-2013, when CBDCs approved 1,424 loans representing a total direct investment of \$60.3 million. In the same year, 7,218 clients

participated in counselling sessions and 430 training sessions were held under the auspices of the Entrepreneurial Training Fund. CBDC-assisted firms have also performed better than comparable firms, with stronger growth in employment, a better business survival rate, and higher growth in sales.<sup>4</sup>

In response to federal priorities articulated in Canada's Economic Action Plan, ACOA played a leadership role in assisting Atlantic Canada along the road to economic recovery. The Agency helped implement the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada Program (RInC) in 2009, and the Community Infrastructure Improvement Fund (CIIF) in 2012. Four hundred and thirteen projects with a total final allocation of \$135.3 million were approved for CAF (183) and RInC (230). Between August 1, 2012 and March 31, 2013, a total of 241 projects were approved under the CIIF, providing contributions of nearly \$14 million.

The Office of the Auditor General conducted two government-wide audits on programs related to the Economic Action Plan. ACOA was commended in one audit for the effectiveness of its monitoring process related to CAF projects. This process enabled the Agency to track project spending and progress, and to take corrective action when required. Ultimately, the Office of the Auditor General concluded that ACOA's approach provided it with assurance that projects were being completed on time and as intended.

In the end, Economic Action Plan initiatives addressed the business needs of Atlantic Canada and those of key industry sectors, and built and improved key infrastructure in tough economic times. These initiatives helped create jobs and laid the foundation for long-term prosperity. In collaboration with the four Atlantic provincial governments and Infrastructure Canada, ACOA also continued its role in delivering Government of Canada infrastructure programs such as the Municipal-Rural Infrastructure Fund and the Building Canada Fund – Communities Component in the Atlantic region.

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<sup>4</sup> Statistics Canada data shows that the employment growth between 2005 and 2010 of businesses that receive CBDC support is nearly twice that of comparable businesses. The five-year survival rate for CBDC-assisted firms has also been notably higher than that for comparable firms. For business that started between 2000 and 2010, 75 per cent of CBDC-assisted firms survived after the crucial fifth year following start-up, compared with 53 per cent for comparable firms. Meanwhile, sales by CBDC-assisted firms totalled \$947 million in 2010, representing an average increase of 15 per cent per year since 2005. Sales by comparable firms rose an average of 7.4 per cent per year during the same period.



Consistent with the Government of Canada’s Aboriginal Economic Development framework, in partnership with Aboriginal Affairs and Northern Development Canada, ACOA collaborated with Aboriginal leaders and communities across the region to ensure they remained active participants in the Atlantic economy. Financial support was provided to the Atlantic Policy Congress of First Nations Chiefs Secretariat to develop a research program designed to support Aboriginal economic development and a training initiative for economic development officers in First Nations across Atlantic Canada. The Atlantic Aboriginal Economic Developers Network was also established to help coordinate the implementation of the Atlantic Aboriginal Economic Building Strategy, which focuses on four goals: property and resource development, strengthening Atlantic Aboriginal businesses, developing a skilled Aboriginal workforce, and developing baseline information for future economic analyses.

Over the five years covered by this report, the Agency delivered on the Government of Canada’s objectives set out in the Roadmap for Linguistic Duality 2008-2013: Acting for the Future. The Roadmap was implemented to increase accessibility to linguistic duality for all Canadians. The Economic Development Initiative (EDI) is one of the components of the Roadmap. ACOA supported 47 projects under the EDI, fully committing its share of funding. The Agency will continue to deliver the EDI in Atlantic Canada under the new five-year Roadmap for Canada’s Official Languages 2013-2018: Education, Immigration, Communities, which was announced in March 2013.

In 2010-2011, the Commissioner of Official Languages provided the Agency with an exemplary mark for its performance in support of positive measures for the development of Official Language Minority Communities in Atlantic Canada.

### **Success Stories**

#### **A New Road for Nature’s Bounty**

Nature’s Crops International Limited (NCI) of Kensington, P.E.I., is a bioscience company that serves the province’s agriculture industry by providing farmers with access to lucrative and growing global markets for new foods, cosmetics and pharmaceuticals – alternative uses for traditional oilseed crops.



The Island's innovative and growing bioscience cluster drew NCI to the province – that and the strong support companies receive for R&D. This support system is readily available to companies through multiple government and private industry stakeholders.

NCI has been able to grow through its R&D with ACOA's assistance. The company was a successful client of the Atlantic Innovation Fund Round VII, which may enable it to expand further into international markets from its facility in Kensington.

Through the Innovative Communities Fund and Community Adjustment Fund, ACOA provided funding to retrofit a building for NCI's use as an oil-extraction facility. This enabled Kensington, traditionally a primary-sector community, to accommodate the company, which will further support the diversification of traditional agriculture and strengthen the local economy.

### Shelburne County Business Development Center Gets Connected

Many small rural businesses and community organizations feel technology options are beyond their scope and capacity. To address this issue, 17 growth-oriented Shelburne County entrepreneurs and industry associations in Nova Scotia were engaged in a multi-sector, "Get Connected" training and IT strategy development program. The program consisted of face-to-face training, self-directed online study and implementation, one-on-one business counselling, expert technology support, and peer-to-peer learning.



The project, which is now complete, was extremely successful, with all of the participants stating they would recommend this program to others. The program assisted in fostering a culture of digital entrepreneurship: reducing barriers to adopting new technologies; providing Shelburne County SMEs with access to the expertise and resources they needed to grow profits through the use of digital technology; helping participants develop their own e-strategy; and increasing competitiveness.

The focus of ACOA's assistance to this project was to support business development in rural communities and strengthen the capacity of the community and SMEs through business skills development.

## Toward a More Sustainable Forestry

The Northern Hardwoods Research Institute at the Faculty of Forestry on the Edmundston campus of Université de Moncton has a mandate to work with industry in order to put in place an R&D program that will contribute to advancing knowledge and promoting the sustainable development of northern hardwoods.



With assistance from the Innovative Communities Fund, the institute has established office space, recruited researchers and students, and launched applied research projects responding specifically to industry needs.

The institute has also been successful in attracting and completing several research projects, including projects with the University of New Brunswick, the New Brunswick Department of Natural Resources, and the New Brunswick Forest Products Association's Growth and Yield Unit. Currently, the institute is exploring the potential of other projects with the University of Maine, the Canadian Forest Service, and FPIinnovations.

## A Room with a View

Fisher's Loft Inn Inc. is located in the historic and picturesque community of Port Rexton, in Trinity Bay, N.L. The 4½-star inn offers quality accommodations to individuals seeking a peaceful and scenic getaway while taking advantage of the natural beauty of the Trinity Bight area.



The idea to open the inn came to owners John and Peggy Fisher after they agreed to welcome extra guests from a nearby bed and breakfast into their own home.

With help from CBDC Eastern Initiatives and ACOA, the inn has expanded several times over the years to keep up with growing demand, including the recent addition of a state-of-the-art executive conference centre that has extended the inn's six-month season to eight months – a significant advancement for a seasonal operation in an area with high unemployment. The business now employs 25 people and accommodates over 6,000 guests from around the world each year.

## **Policy, Advocacy and Coordination**

The Agency's knowledge and understanding of the economic opportunities and challenges in Atlantic Canada are critical to how it remains responsive to the needs of Atlantic businesses and communities. This knowledge and understanding contribute to ACOA's ability to provide intelligence, analysis and well-grounded advice on a broad range of economic development issues and topics to federal decision makers and to the region's stakeholders, including provincial counterparts and private-sector leaders in the region. It also allows the Agency to advocate authoritatively on behalf of the region when engaging other federal departments, influencing national policies and programs that affect Atlantic Canada's development and interests. And finally, it enables the Agency to coordinate other policies and programs within the region to form integrated approaches to development, working collaboratively with private- and public-sector partners in meaningful ways.

A critical aspect of how the Agency is helping to address the region's important economic development issues is increasing the region's own capacity to better understand the issues at play. An important tool for ACOA in this regard is the Atlantic Policy Research Initiative (APRI), a fund seeking to develop policy research capacity across Atlantic Canada. An evaluation of APRI in 2010 noted that the research and engagements funded under APRI have contributed to a better understanding of the regional economy, identified areas for support, resulted in specific recommendations, and provided a greater understanding of strategic sectors. For every dollar of APRI funding invested, an additional \$1.21 was leveraged from other organizations, making APRI cost-effective in terms of leveraging impact.

ACOA and its partners' policy and research work has focused on a variety of key issues impacting the economy, including the Atlantic Gateway, international trade and global value chains, skills development and the region's population, regional productivity and competitiveness, the natural resource sectors, and rural-urban issues, to name a few.

In its coordination role, ACOA officials maintain contact with their federal and provincial counterparts and strategically engage provincial governments on a wide range of development initiatives in areas of mutual interest and potential joint action. Over the past five years, the Agency can point to successes such as the Atlantic Population Table, for which the Agency served as the federal co-chair. This regional co-

operation model, unique in Canada, engaged and committed all partners to work toward solutions for a common set of issues around immigration, labour force, and other population-related priorities facing Atlantic Canada.

An ongoing, successful collaborative approach can also be found regarding the Agency's support for tourism, an important component of the Atlantic Canadian economy. ACOA's largest single investment in tourism is the Atlantic Canada Tourism Partnership (ACTP), a pan-Atlantic partnership comprised of ACOA, the four provincial tourism industry associations and the provincial departments responsible for tourism in Atlantic Canada. Over the last five years, ACOA has invested \$16.6 million to help the Atlantic provincial governments deliver fully integrated, pan-Atlantic marketing campaigns into key markets in the United States and the United Kingdom. Between 2008 and 2012, ACTP's direct-to-consumer marketing activities in the United States generated 154,918 U.S. party visits and \$221.7 million in export revenues for tourism SMEs in Atlantic Canada. ACTP marketing efficiencies were demonstrated by a return on investment of \$14.68 for every \$1 invested in direct-to-consumer advertising.

ACOA also engages the private sector and academia through entities such as the Atlantic Gateway Advisory Council and Metropolis, helping mobilize stakeholders around international trade competitiveness and regional skills-related issues. The Agency also continued its strong engagement with the Organisation for Economic Co-operation and Development's Territorial Development Policy Committee, the world's main forum for discussing regional policy. The committee continues to serve as a platform for ACOA and the other regional development agencies to share Canada's approach to regional development with international counterparts, and to learn of successes and best practices in other jurisdictions.

With energy as a driving sector of the Atlantic economy, the Agency's leadership with Natural Resources Canada (NRCan) on the Atlantic Energy Gateway initiative fostered collaboration and dialogue among governments and the private sector in order to maximize the future development of renewable energy resources in the region. In 2012-2013, this culminated in a series of research studies – the work of NRCan, the Atlantic provincial governments, regional power utilities and electricity system operators – that identified potential benefits from regional collaboration, including development and operating cost efficiencies, diversity in renewable energy supplies, enhanced stability for ratepayers and lower greenhouse gas emissions.

ACOA also undertook strategic advocacy work in the areas of energy, aerospace, marine and defence, innovation and commercialization, skills development and resource industries to help bolster the region's economy. More specifically, efforts were undertaken to maximize the effects of the federal Industrial and Regional Benefits Policy, to promote Atlantic Canada's energy potential in areas such as tidal energy, and to emphasize the future commercialization needs of Atlantic Canadian businesses in federal science and technology investments.

The Agency's Policy, Coordination and Advocacy efforts also contributed to the region, preparing it for the benefits of the NSPS. Following the announcement of a successful regional candidate under the NSPS, ACOA developed the Atlantic Shipbuilding Action Plan to help SMEs capitalize on business development opportunities stemming from this major federal investment. The action plan focused on engaging and educating Atlantic businesses on supply-chain opportunities, promoting ACOA programming to support supply-chain development, and engaging with partners on skills and labour force readiness. Since the plan's launch in 2012, ACOA has delivered 24 initiatives, including 17 supplier development information sessions, reaching more than 1,000 participants.

ACOA's continued procurement advocacy efforts have helped leverage millions of dollars in industrial and regional benefit commitments for Atlantic Canadian firms. The Agency has led more than 45 industry tours, reaching over 40 international prime contractors and hundreds of Atlantic firms. These activities have helped Atlantic firms to become key suppliers within the global aerospace, marine and defence industry.

## **Internal Services**

In order to maximize its services to Canadians, ACOA has undertaken efforts over the past five years to achieve excellence in all aspects of its core business and service delivery.

A 2010 Client Satisfaction Survey indicated that the majority of clients are either satisfied or very satisfied with ACOA's overall level of service delivery and that there has been a continued improvement in service delivery performance since 2006. The overall satisfaction score increased from 84.0 per cent in 2006 to 91.6 per cent in 2010.

Furthermore, ACOA has more recently examined its diverse suite of programs and operations to find innovative ways of doing business and to support a modern workplace within the Agency, in line with the government's broader agenda to create government efficiencies while reducing the federal deficit. Key areas of focus included the streamlining of management functions related to post-payment verifications, finance and human resource services. ACOA's senior management also emphasized the renewal of its workforce as a leadership priority, and the Agency has invested in building an innovative, creative workplace that is highly flexible and able to respond to client demand.

The 2011 Public Service Employee Survey pointed to a healthy workforce able to effectively deliver services to Canadians. The Agency consistently scored higher than the public service average in all facets of employee satisfaction, and it surpassed its 2008 results, which were already some of the highest in government. This is a clear indication of the overall health of the organization as it continues to modernize its operations.

Ultimately, ACOA continues to emphasize and reinforce the key values of both the federal government and the Public Service of Canada, including respect for democracy, respect for people, integrity, stewardship and excellence.





## **Chapter 3: The Way Ahead**

The world looks very different today than it did when ACOA was established in 1987 or even when the last five-year report was published in 2008. Throughout the years, one of ACOA's main strengths has been its ability to recognize and prepare for the shifting currents in Atlantic Canada's economy.

The global economic crisis has impacted the performance of the Atlantic Canadian economy, posing additional challenges to the region's SMEs, exporters and communities. International competition from low-cost producers and a strong Canadian dollar will continue to challenge Atlantic Canada's manufacturing base and resource industries into the future.

For these reasons, over the next five years, strategic investments to boost business productivity will continue to be a key focus of ACOA's economic development efforts in Atlantic Canada. One of ACOA's major priorities will be to support SMEs and industry sectors in their efforts to become more innovative – to help them adopt new technologies, launch lean manufacturing initiatives and acquire the business and management skills they need. The Agency will also help SMEs to identify and capitalize on opportunities for international trade, particularly in the U.S. and Europe and in growing economies such as China, India and Brazil. Consistent with this approach, ACOA will help businesses and communities recognize and benefit from major planned projects such as those in the mining and energy sectors and the NSPS. The Agency will also continue to provide support for key and strategic infrastructure in the region.

Recognizing that Atlantic Canada is a mix of both urban and rural realities has been a signature of ACOA's policy and programming from the beginning. The Agency will continue to guide planning in the years ahead as varying economic conditions across the region necessitate customized responses to address the economic realities of both rural and urban areas.

Moving forward, rural communities must continue to address the significant challenges facing natural resource sectors and explore opportunities for modernization and diversification. Over the next five years, ACOA will work closely with its partners to address the needs of rural areas that are especially vulnerable to the ongoing demographic shifts impacting Atlantic Canada. The Agency will invest in community-led initiatives and infrastructure that will facilitate long-term, durable economic development. ACOA will provide support to communities and

industries determined to enhance and modernize their resource-based enterprises and to position themselves as competitive contributors to the economic base of their local communities.

Looking ahead, the Agency will continue to provide effective research, coordination and policy that support engagement and collaboration with federal, provincial, community, private-sector and academic partners in the region. It will also continue to pursue its mandate – to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in the region – with a sustained focus on the needs of the region’s entrepreneurs and communities.