



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

2012-13

Report on Plans and Priorities

Canada

Table of Contents

MINISTER’S MESSAGE	1
MINISTER OF STATE’S MESSAGE	3
SECTION I: ORGANIZATIONAL OVERVIEW	5
Raison d’être.....	5
Responsibilities.....	5
Strategic Outcome and Program Activity Architecture.....	6
Organizational Priorities	7
Risk Analysis	11
Planning Summary.....	14
Expenditure Profile	16
Estimates by Vote	18
SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME ..	19
Strategic Outcome – A Competitive Atlantic Canadian Economy	19
Program Activity: Enterprise Development.....	22
Program Activity: Community Development.....	24
Program Activity: Policy, Advocacy and Coordination.....	27
Program Activity: Internal Services	29
SECTION III: SUPPLEMENTARY INFORMATION	31
Financial Highlights	31
Future-oriented Financial Statements.....	33
Supplementary Information Tables.....	33
SECTION IV: OTHER ITEMS OF INTEREST	35
Organizational Contact Information.....	35
Additional Information	35

Minister's Message

Canada's economic performance remains the most stable among the G7 countries, despite ongoing volatility in global markets. Our Government's solid economic, financial and fiscal foundations helped to underpin this position of strength, and we remain prepared to respond in a flexible, pragmatic manner should external pressures threaten our economy.

In 2011, Canadians gave our government a clear mandate to continue its successful work to create jobs and stimulate the economy. In 2012-13, Phase II of Canada's Economic Action Plan – A Low-Tax Plan for Jobs and Growth – will follow through on this commitment by supporting initiatives that continue to drive job creation and economic activity and provide support to people and communities throughout Canada.



Atlantic Canada is on the cusp of tremendous opportunities that will be generated by the recently announced shipbuilding work to be carried out under the National Shipbuilding Procurement Strategy, which is expected to create thousands of new jobs and provide significant opportunities for businesses throughout the region.

In 2012-13, the Atlantic Canada Opportunities Agency (ACOA) will be key to delivering on our Government's commitments in Atlantic Canada and ensuring that the region's small and medium-sized businesses are well positioned to participate in, and benefit from, activity related to the shipbuilding work and other major projects in the region, such as the development of Atlantic Canada's clean and renewable energy sector.

Additionally, ACOA will continue to work with Transport Canada to advance the Atlantic Gateway by promoting Atlantic Canada as a preferred business partner and the gateway to the North American market.

I am pleased to present ACOA's *2012-13 Report on Plans and Priorities*, which outlines the Agency's objectives for continued economic growth and prosperity in this region.

The Honourable Keith Ashfield
Minister of Fisheries and Oceans and
Minister for the Atlantic Gateway

Minister of State's Message

Our Government, through ACOA, provides real, made-in-Atlantic Canada solutions that respond to the region's needs and build on its strengths.

In the coming years, significant opportunities will unfold for Atlantic Canada as important new initiatives, such as the National Shipbuilding Procurement Strategy and the development of the region's hydroelectric capacity, get under way.

Under our Atlantic Shipbuilding Action Plan, we will work with partners and stakeholders, including other federal departments, other levels of government, private-sector organizations and industry, to ensure that Atlantic Canada's small and medium-sized businesses are prepared to capitalize on the enormous potential created by the shipbuilding strategy.



In 2012-13, ACOA will focus on initiatives that improve the productivity and competitiveness of the region's small and medium-sized enterprises by promoting enhanced business skills as well as the use of new technologies and the commercialization of local research and development.

The Agency will continue to support the development of an Atlantic Energy Gateway to promote the region's capacity for clean and renewable energy, including energy produced from wind, biofuel and tidal sources.

In the coming year, our Government will continue to work with communities and provincial governments to develop economic opportunities at a local level. The Agency will support resource-based industries, and the rural economies that depend on them, by investing in activities that improve the competitiveness of the region's forestry industry, diversify its agricultural sector, increase the sustainability of the fishery and further advance technologies related to mining and energy.

In 2012 and beyond, ACOA will continue to identify opportunities for Atlantic Canada's economic advancement and provide efficient, effective programs and services that are aligned with our Government's focus on operations that deliver results to the people of Atlantic Canada.

The Honourable Bernard Valcourt
Minister of State
(Atlantic Canada Opportunities Agency)
(La Francophonie)

Section I: Organizational Overview

Raison d'être

ACOA works to create opportunities for economic growth in Atlantic Canada by helping small and medium-sized enterprises (SMEs) to become more competitive, innovative and productive; by working with communities to develop and diversify local economies; and by championing the region's strengths in partnership with Atlantic Canadians. It plays an important role in developing and supporting policies and programs that strengthen the region's economy. This work addresses the Agency's 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."¹

Responsibilities

Established in 1987, 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.

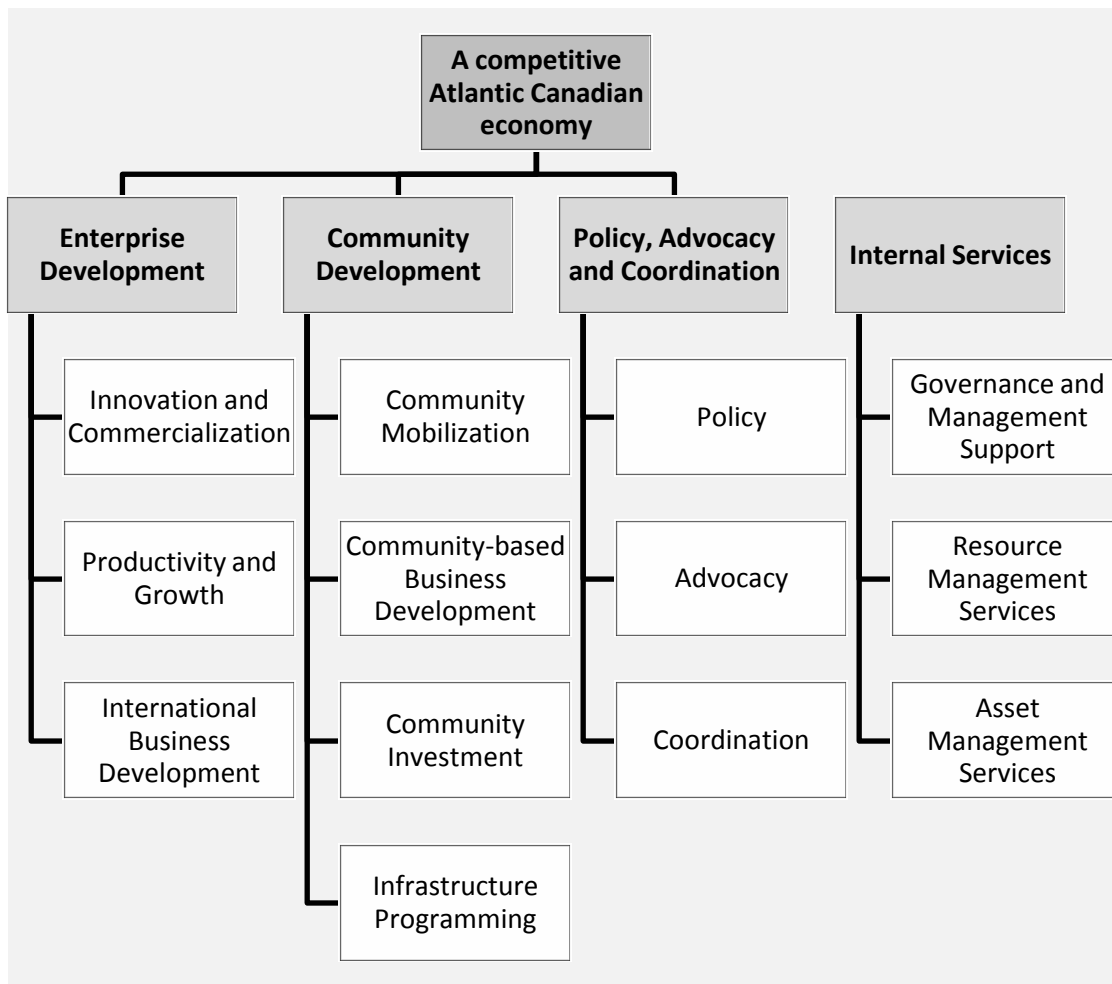
ACOA's head office is in Moncton, New Brunswick. Regional offices are located in all four provincial capitals in Atlantic Canada, each led by a vice-president. The Agency also provides services via a range of local field offices throughout the four provinces. Through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in the policies and programs developed by other departments and agencies of the federal government.

Although the Agency's policies and program tools have evolved since its inception, the overall goal remains constant. ACOA remains dedicated to helping the Atlantic region realize its full economic potential in terms of productivity, competitiveness and growth. This is achieved by addressing structural changes in the economy, helping communities and businesses to overcome challenges, and finding new opportunities for growth. ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

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

Strategic Outcome and Program Activity Architecture

The diagram below illustrates ACOA’s strategic outcome – a competitive Atlantic Canadian economy (darkly shaded box) – and its Program Activity Architecture (PAA). The PAA is based on the results of policy research and analysis, the periodic assessment of program relevance and performance, ongoing dialogue with stakeholders in the region, and the priorities and directions of the Government of Canada. ACOA’s PAA for 2012-13 comprises four program activities (lightly shaded boxes) and 13 program sub-activities (white boxes).



Organizational Priorities

All organizational priorities support the Agency’s strategic outcome: A competitive Atlantic Canadian economy. This outcome reflects the Agency’s legislative purpose to enhance the growth of earned incomes and employment opportunities in Atlantic Canada.

Priority	Type ²	Program Activity
Respond to the unique economic development needs of both rural and urban areas of Atlantic Canada.	New	Enterprise Development Community Development Policy, Advocacy and Coordination

Why this is a priority

- The diverse culture, geography and economic conditions existing throughout the Atlantic provinces necessitate unique responses to economic needs. These are especially evident in the unique differences and the existing relationships between rural and urban areas. In supporting a competitive Atlantic Canadian economy, all stakeholders must collaborate to ensure that strategies developed in response to unique needs are complementary and contribute to a stronger region.

Plans for meeting the priority

- Continue to work closely with provincial partners to develop programming that meets the unique needs of rural areas that are especially vulnerable to the out-migration of skilled workers and an aging population. For example, ACOA continues to work with its provincial government partners to mitigate economic hardship in northern New Brunswick and to prepare for growth opportunities in Labrador.
- Use resources available within the Community Development Program Activity (e.g. Community Business Development Corporations, the Business Development Program, and various skills development initiatives) to assist rural SMEs in identifying and preparing for new opportunities.
- Undertake and support research and analysis to assess the specific needs of these diverse areas and to advocate for responses that are complementary and well-balanced.
- Work closely with public- and private-sector partners to assist SMEs in both rural and urban areas so that the entire region can benefit from upcoming major projects. For example, the Atlantic Shipbuilding Action Plan includes measures to help SMEs throughout Atlantic Canada prepare for new business opportunities arising directly or indirectly from new federal shipbuilding activities.

Priority	Type	Program Activity
Ensure that Atlantic Canada’s labour force has the appropriate mix of skills, experience and certification required to address emerging opportunities.	New	Enterprise Development Community Development Policy, Advocacy and Coordination

Why this is a priority

- The growing shortage of skilled labour and specific skill sets is the most urgent risk to Atlantic Canada’s long-term economic growth.
- Strengthening the management capacity of Atlantic Canada’s SMEs is crucial for improving business productivity and survival rates.
- Helping Atlantic Canadian SMEs to develop management skills and address the skills gap in their workers will prepare those businesses to pursue new opportunities arising from major projects within the region.

Plans for meeting the priority

- Work closely with provincial partners, industry, associations and stakeholders to address the retention of existing workers, the attraction of new workers and the development of a highly skilled available labour force.
- Capitalize on opportunities for concerted, regional approaches to economic development, where policies and

² “Type” definitions:

- New: newly committed to for fiscal year 2012-13
- Previously committed to: committed to one or two fiscal years earlier (i.e. 2010-11 or 2011-12)
- Ongoing: committed to at least three fiscal years earlier (i.e. 2009-10 or earlier)

initiatives benefit the entire Atlantic region.

- Emphasize the importance of business skills as a means of helping companies to become more productive and more successful in recruiting and managing human resources.
- Undertake and support skills-related research and analysis, particularly as it relates to shipbuilding, the Atlantic Gateway, and other major projects and initiatives.
- Continue to focus on business skills development in program activity areas.

Priority	Type	Program Activity
Contribute to the delivery of federal priorities and commitments identified through legislation, the federal budget and other authorities.	New	Enterprise Development Community Development Policy, Advocacy and Coordination Internal Services

Why this is a priority

- Working closely with other federal departments, ACOA administers, manages and contributes to federal priorities that address economic challenges and opportunities.
- ACOA remains committed to improving operational efficiency across government and providing effective service to Canadians.

Plans for meeting the priority

- Deliver programs and services that support the Government of Canada’s commitment to job growth and that focus on operations that deliver results to Atlantic Canadians.
- Work closely with partners and stakeholders throughout Atlantic Canada to facilitate the effective delivery of federal programs in both rural and urban areas. Ensure that activities are complementary to other existing programs and relevant to specific needs.

Priority	Type	Program Activity
Focus ACOA’s programs and services on initiatives that will advance the productivity of Atlantic Canadian businesses, thereby improving the competitiveness of the region’s SMEs and communities, and enabling them to capitalize on major projects and opportunities in the region.	Ongoing	Enterprise Development Community Development Policy, Advocacy and Coordination

Why this is a priority

- The global economic crisis has added to an already-challenging situation in Atlantic Canada. It has created significant pressures within natural resource sectors that have traditionally driven the regional economy, including forestry, agriculture and fisheries. Strategic investments in areas such as innovation, skills development and exporter training are essential to support the productivity and competitiveness of SMEs as well as the continued vitality of the region’s communities. Such investments are critical to their efforts to identify and capitalize on emerging opportunities.

Plans for meeting the priority

- Place greater emphasis on higher impact projects within the Enterprise Development and Community Development program activities.
- Provide strategic assistance to support SMEs in improving their operational efficiency and competitiveness. Such efforts may include innovation activities and the acquisition of technology and business skills.
- Promote entrepreneurship initiatives that foster growth and lead to sustainable SMEs in Atlantic Canada.
- Ensure that Atlantic Canadians in all areas of the region have access to timely, accurate business information.
- Enhance ACOA’s policy research agenda to provide effective research and better value for investment.
- Work with provincial and private-sector partners throughout Atlantic Canada to identify an effective approach to addressing the emerging skills deficit in the region. In light of major projects under way or about to begin within the region – specifically in the shipbuilding and renewable energy sectors – ACOA will collaborate with other stakeholders to help Atlantic Canadian SMEs prepare for new opportunities. This will result in these SMEs having the skill sets, operational efficiency and capacity required to seize opportunities that arise.

Priority	Type	Program Activity
Increase the innovation capacity within Atlantic Canada by building on the Agency's success at engaging stakeholders and facilitating partnerships. Focus on the commercialization of research and development (R&D) outputs.	Ongoing	Enterprise Development Policy, Advocacy and Coordination

Why this is a priority

- Innovation and commercialization are critical to economic competitiveness and will facilitate long-term economic growth in the region.

Plans for meeting the priority

- Continue to encourage greater collaboration between business and academia to increase the innovation capacity within Atlantic Canada.
- Increase activity in, and build capacity for, R&D, technology adoption and adaptation, and skills development within the region's SMEs.
- Work closely with provincial partners to identify opportunities with significant economic potential that could benefit communities throughout Atlantic Canada. The Atlantic Shipbuilding Action Plan, for example, is an endeavour that will help Atlantic Canadian communities, both rural and urban, and the businesses based in those communities to tap into economic opportunities arising directly or indirectly from the Government of Canada's decision to undertake major shipbuilding projects in Halifax, Nova Scotia.
- Advance ACOA's approach to commercialization to maximize the benefits of the Agency's investments in innovation and to continue to provide direction on the commercialization of R&D outputs.

Priority	Type	Program Activity
Provide leadership in helping businesses and communities in Atlantic Canada to succeed in a global marketplace.	Ongoing	Enterprise Development Community Development Policy, Advocacy and Coordination

Why this is a priority

- ACOA must ensure that its programming in support of international business development aligns with the Government of Canada's Global Commerce Strategy and the related Americas Strategy.
- Promotion of the Atlantic Gateway and Trade Corridor as the preferred eastern access to the North American market is critical to generating international awareness of Atlantic Canada and creating new opportunities for economic growth and earned incomes through the global marketplace.

Plans for meeting the priority

- Place emphasis on providing assistance to SMEs seeking markets for their R&D outputs.
- Provide business skills development programming to the region's SMEs, ensuring that they have the appropriate human resources and skills sets needed to compete effectively in the global market.
- Focus ACOA support on projects offering the greatest potential for economic impact.
- Identify strategies that will allow Atlantic Canadian SMEs and organizations to connect with international business opportunities, such as placing more concerted effort on attracting foreign investment.
- Assist communities in remaining competitive through efforts such as investigating more effective approaches to local economic development and establishing contacts to explore international business opportunities.
- Explore new markets, new industry sectors and innovative methods to maximize benefits stemming from international business activities.
- Work with SMEs and stakeholders to prepare for emerging business opportunities relating to major projects, such as shipbuilding and renewable energy developments, particularly in terms of helping SMEs to understand global supply chains.

Priority	Type	Program Activity
Continually improve the Agency's management agenda in order to provide excellent advice to government and excellent service to Canadians.	Ongoing	Enterprise Development Community Development Policy, Advocacy and Coordination Internal Services

Why this is a priority

- The Agency must analyze the interrelationships between its activities and engage employees at all levels in order to support more effective and efficient decision making. This will result in a higher quality of services and better value for investment.
- The Agency must continue to deliver its high standard of services to internal and external clients within the current environment of reduced resources.
- All employees must understand and identify with the Public Service of Canada's values in order to behave in a respectful, ethical and legal manner. These values are Respect for Democracy, Respect for People, Integrity, Stewardship, and Excellence.

Plans for meeting the priority

- Ensure that the Agency has management goals that are measurable and achievable.
- Identify and assess opportunities to streamline internal and external services and realize greater efficiencies for resources invested.
- Facilitate senior management decision making by leveraging the Agency's information technology and management systems to ensure the availability of timely, accurate and organized information. This will enable management to better identify and address issues that impact the financial and program health of the organization.
- Continue the Agency's multi-year effort to deliver on Public Service Renewal commitments by engaging employees in the excellence agenda, including renewal of the workforce and renewal of the workplace.
- Proceed with the implementation of ACOA's Values and Ethics Strategy, which will assist management in ensuring that values are embedded in the Agency's culture and that the necessary infrastructure is in place to strengthen and build on the sound practices already established.

Risk Analysis

ACOA's Operating Environment

The regional, national and global economic landscape is constantly evolving. ACOA must operate within these changes and respond to current and emerging influences that may affect its economic-development programming and initiatives. To be proactive in identifying risks and opportunities, ACOA anticipates and assesses external economic factors that could impact the design and delivery of its programs and services and the achievement of its strategic outcome. The Agency also identifies factors and risks that could adversely affect its ability to manage internal operations in an effective manner. In response to the identified strategic risks, the Agency has designed and implemented mitigating measures to reduce their impact and likelihood of happening.

The following is an overview of Atlantic Canada's economy, an assessment of external and internal factors that have an effect on the Agency, and a summary of ACOA's key risks.

Economic Outlook

In 2011, Atlantic Canada experienced moderate economic growth after emerging from the recession in 2010. The provincial governments' fiscal position and waning consumer spending limited the economic expansion. A survey of private-sector forecasters³ revealed that real gross domestic product (GDP) is estimated to have increased by 2.0% in 2011. Soft economic activity resulted in modest employment gains, with the unemployment rate hovering just above the 10% mark for most of the year.

It is expected that economic growth will remain moderate in Atlantic Canada during 2012, as the economic expansion will continue to be limited by soft international economic conditions, especially those in the United States, weak construction activity and the fiscal position of the provincial governments. According to a survey of private-sector forecasters, real GDP is projected to increase by only 1.7% in 2012.

More specifically, growth in the U.S. economy is expected to expand by only 1.8%⁴ in 2012, according to the International Monetary Fund. There are still concerns that the U.S. economy could end up in a period of very modest growth over the short term. The inability of the U.S. economy to create jobs at a stronger pace represents a significant risk to the economic outlook. Consumers will curb spending if labour market conditions do not improve.

³ Private sector forecasts include: The Conference Board of Canada, *Provincial Outlook Economic Forecast*, Fall 2011; Scotia Economics, *Provincial Trends*, November 2011; TD Economics, *Quarterly Economic Forecast*, January 2012; CIBC, *Provincial Forecast*, August 2011; Bank of Montreal, *Provincial Economic Outlook*, January 2012; and Royal Bank of Canada, *Provincial Outlook*, December 2011.

⁴ *World Economic Outlook Update*, International Monetary Fund, September 2011.

All Atlantic Provinces are expected to face deficits in 2012-13 and the provincial fiscal situations remain a concern going forward. Their focus on efforts to reduce fiscal deficits will influence the Provinces' ability to encourage increased economic performance over the short and medium terms.

Construction activity in the Atlantic provinces is expected to weaken in 2012. Public infrastructure program spending is declining, and activity on energy projects such as the Deep Panuke natural gas project is either completed or winding down.

External Factors

The major risks for Atlantic Canada's economic outlook are mostly external. Prominent among these risks is the fact that the U.S. economic recovery remains fragile. Weak job creation, high debt loads and lower net worth may continue to constrain household spending south of the border. Lower-than-expected economic growth in the U.S. will translate into weaker exports since most exports from Atlantic Canada are destined for the American market.

Internal Factors

ACOA will transform its internal business processes in order to become more effective and efficient. It will manage change while remaining focused on service delivery.

In order to continue to develop highly skilled employees to effectively and efficiently deliver on the priorities of the federal government, the Agency will continue to foster renewal and learning at every level of the organization.

The following key risks were determined through internal reviews by senior management and interviews with middle management and staff, along with an analysis of relevant documents. These risks were validated with management and the implementation of risk responses will continue to be monitored regularly.

Key Risk	Risk Response	Linkage to PAA
<p>Management Information Risk There is a risk that existing tools may not provide timely access to sufficient and appropriate information needed to support effective decision making.</p>	<p>Management will mitigate this risk with the continued use and improvement of the executive dashboards and the governance around results interpretation and action required. Further developments in the Data Collection Strategy and the Performance Measurement Framework will also play a key role in mitigating the management information risk.</p>	<p>Enterprise Development Community Development Policy, Advocacy and Coordination Internal Services</p>

Key Risk	Risk Response	Linkage to PAA
<p>Technology Risk There is a risk that the Agency's IT function may have limited capacity to provide development and support for an up-to-date suite of modern and compatible tools, which may affect the effectiveness of portfolio management and timely decision making.</p>	<p>Management will mitigate this risk through its ACOA Committee on Information Management and Technology (ACIMT). ACIMT is the primary governance committee for ACOA's IT function and will be addressing the alignment of ACOA IT investments with its program delivery and making recommendations to the executive committee.</p>	<p>Enterprise Development Community Development Policy, Advocacy and Coordination Internal Services</p>
<p>People Management Risk There is a risk that significant organizational changes may result in low morale, lack of motivation and loss of corporate knowledge, all of which could affect productivity.</p>	<p>Management will mitigate this risk through its People Management Program and Respectful Workplace Initiative, and by encouraging a supportive management culture at ACOA.</p>	<p>Enterprise Development Community Development Policy, Advocacy and Coordination Internal Services</p>

Planning Summary

Financial Resources (\$ millions)

2012-13	2013-14	2014-15
307.5	298.6	296.6

Human Resources (Full-time Equivalents, or FTEs)

2012-13	2013-14	2014-15
624	614	614

Strategic Outcome: A competitive Atlantic Canadian economy

Performance indicator	Target
Impact on Atlantic Canada's GDP for every \$1 of ACOA expenditure in direct support of business	Increase of \$4.50 in GDP for every dollar of ACOA expenditure ⁵
Labour productivity growth of ACOA-assisted firms	An annual variation in labour productivity three percentage points higher than that of comparable firms

(\$ millions)

Program Activity	Forecast Spending 2011-12	Planned Spending 2012-13	Planned Spending 2013-14	Planned Spending 2014-15	Alignment to Government of Canada Outcome
Enterprise Development	168.3	175.6	175.1	175.2	Strong Economic Growth
Community Development	105.1	89.9	82.6	80.5	
Policy, Advocacy and Coordination	14.3	11.3	11.3	11.3	
Sub-total	287.7	276.8	269.0	267.0	

Program Activity	Forecast Spending 2011-12	Planned Spending 2012-13	Planned Spending 2013-14	Planned Spending 2014-15
Internal Services	40.9	30.7	29.6	29.6
Total	328.6	307.5	298.6	296.6

⁵ Measuring the impact on GDP in Atlantic Canada is a long-term, multi-dimensional undertaking. Thus, the Agency will report results every five years, based on an analysis of data from internal systems, using econometric modelling from The Conference Board of Canada. This indicator will next be measured in 2013, covering the five-year period 2008-09 to 2012-13.

Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision making by articulating its key strategic environmental goals and targets. ACOA ensures that consideration of these outcomes is an integral part of its decision-making processes. In particular, through the federal Strategic Environmental Assessment (SEA) process, any new policy, plan or program initiative includes an analysis of its impact on attaining the FSDS goals and targets. The results of SEAs are made public when an initiative is announced, demonstrating the department's commitment to achieving the FSDS goals and targets.

ACOA contributes to Theme I (Addressing Climate Change and Air Quality) and Theme IV (Shrinking the Environmental Footprint – Beginning with Government) as denoted by the visual identifiers below.



These contributions are components of the following program activities and are further explained in Section II:

- Policy, Advocacy and Coordination
- Internal Services

Additional details on ACOA's activities to support sustainable development can be found on the [Agency's website](#).

Complete details on the FSDS can be found on [Environment Canada's website](#).

Expenditure Profile

For fiscal year 2012-13, the Agency's available funding in the Main Estimates is \$307.5 million. This represents a decrease of \$21.1 million (6%) from the 2011-12 forecast spending and is attributable to a number of normal business practices and procedures, including:

- a \$7.0-million decrease in funding from repayable collections, since the Agency received funding in 2011-12 from repayable contributions that were greater than expected;
- a \$5.4-million decrease resulting from operational savings identified during the Agency's Strategic Review process and implemented for fiscal 2012-13;
- a \$3.4-million decrease equal to the final instalment of funding under the Recreational Infrastructure Canada Program, which was provided to the Agency in 2011-12;
- a \$3.3-million decrease attributable to the carry forward into 2011-12 of remaining operating budget from a previous year;
- a \$3.2-million decrease equalling funds transferred to Shared Services Canada in support of the consolidation and transformation of information technology infrastructure;
- a \$1.9-million decrease offsetting the transfer of funds from National Defence to ACOA in 2011-12 for assistance in organizing and delivering the Halifax International Security Forum;
- a \$1.9-million decrease in planned funding provided for the Economic Development Initiative of the 2008-13 Federal Strategy for Official Languages; and
- a \$5.0-million increase through the first instalment of special funding provided to the Agency in 2012-13 to support community economic development priorities in New Brunswick relating to community projects, such as the establishment of multifunctional facilities and new recreational infrastructures (total funding over two fiscal years will equal \$7 million).

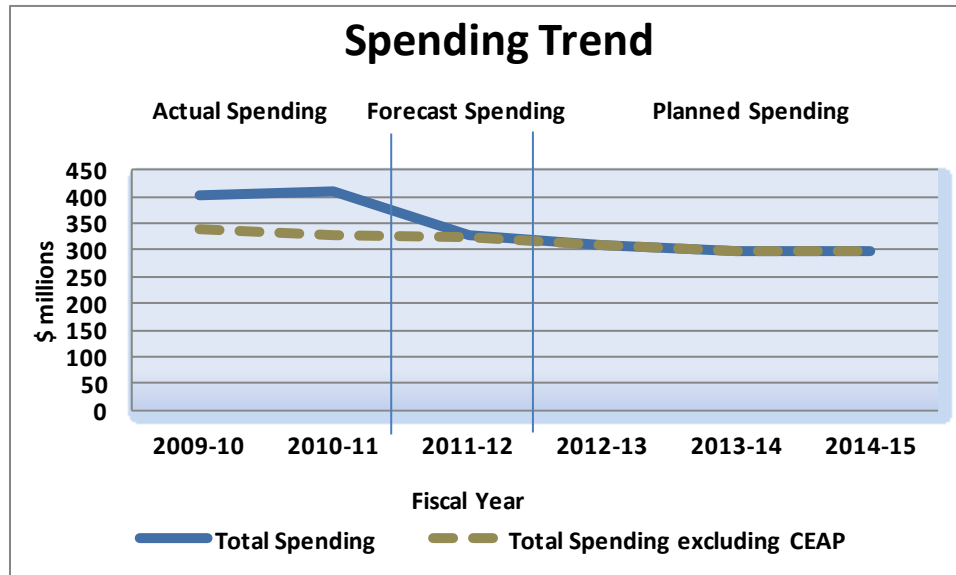
Planned spending for the following year, 2013-14, will decrease by \$8.9 million (3%) compared with that of 2012-13 due to:

- an additional \$4.4-million savings in operational costs identified through the Agency's Strategic Review process in 2010 and subsequent measures announced in Budget 2011;
- a \$3.0-million decrease in funding reflecting the second, and smaller, of two payments over two fiscal years to support community economic development priorities in New Brunswick;
- a \$2.2-million decrease resulting from the planned sunseting of the Economic Development Initiative of the 2008-13 Federal Strategy for Official Languages;
- a \$0.7-million increase following the final year of the Agency's contribution to support for the North American Platform Program partnership, as per the 2008 Governance Framework Agreement.

Forecast spending for 2014-15 indicates a decrease of \$2.0 million (1%) compared with that of 2013-14 and is attributable to the second instalment of funding for community economic development priorities in New Brunswick, which was included in the previous year's spending.

Trend Analysis

The figure below illustrates the Agency's actual and planned spending trend from 2009-10 to 2014-15.



Excluding initiatives under Canada's Economic Action Plan, which represent actual spending of \$64.0 million in 2009-10, \$81.3 million in 2010-11, and forecast spending of \$3.3 million in 2011-12, the Agency's spending levels remain relatively constant from fiscal year 2009-10 to fiscal year 2014-15.

Estimates by Vote

For information on the Agency's appropriations, see the publication [2012-2013 Main Estimates](#).

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome – A Competitive Atlantic Canadian Economy

ACOA's efforts in all four of the region's provinces support the development of a competitive economy that generates long-term benefits for all Atlantic Canadians. This can be seen in economic growth through productivity improvements and enhanced standards of living across the region. Two specific indicators are used to assess the Agency's performance vis-à-vis its strategic outcome: the impact of every dollar of ACOA expenditure in direct support of business on Atlantic Canada's gross domestic product (GDP), and the labour productivity growth of ACOA-assisted firms.

The Agency's activities are aligned with the Next Phase of Canada's Economic Action Plan – A Low-Tax Plan for Jobs and Growth. ACOA remains well-positioned to support the federal government's job creation agenda through programming designed to support SMEs and entrepreneurs as well as communities in both rural and urban settings. The federal commitment to improve military procurement is supported by ACOA's involvement in the procurement process and the industrial and regional benefits policy, which benefits Atlantic Canada's aerospace and defence, marine, and other industries. The National Shipbuilding Procurement Strategy also represents a significant opportunity for the Atlantic region over the short and longer terms.

The Government of Canada's Atlantic Shipbuilding Action Plan is a long-term strategy that will facilitate the integration of Atlantic Canadian SMEs into the \$33-billion federal shipbuilding initiative. The Plan, implemented by ACOA, requires close collaboration with all four Atlantic provincial governments, Atlantic SMEs, industry associations, prime contractors, economic development organizations, educational and research institutes, and other federal departments.

In the area of public infrastructure, the federal government provides support through initiatives such as the Building Canada Fund and the National Policy Framework for Strategic Gateways and Trade Corridors. In Atlantic Canada, ACOA continues to work with other federal departments and provincial governments to ensure that these and future programs are effectively designed and delivered, so that they respond to needs and capitalize on opportunities that exist in the region.

Although Atlantic Canada is still significantly rural by population measures, many areas benefit from the influence of urban economies. There are opportunities for further

interaction between smaller communities and larger urban centres in Atlantic Canada, including attraction and retention of immigrants, business attraction and promotion, public transportation to and from smaller towns, and implementation of joint tourism and regional marketing initiatives. Through its community development programming, ACOA will remain a key player in working with community stakeholders and provincial governments to develop economic opportunities at a local level in Atlantic Canada, emphasizing the needs of the region's rural areas.

The impact of restructuring in resource industries is significant in rural communities. Many of these communities are far from urban economies, where economic growth is diversifying and increasingly knowledge-based. Resource-based industries will continue to be important for regional development, but need to be repositioned so they can remain globally competitive and can deliver more value-added production, better jobs, higher value exports, and more resilient rural communities. Current initiatives in Atlantic Canada's resource-based industries focus on ensuring a more competitive forest products industry, more diverse uses of agricultural products, a more sustainable fishery with emphasis on aquaculture and marketing, and further advances in mining and energy technologies.

Atlantic Canada's energy sector has provided a significant source of economic activity in the region over the past decade, and new developments in the offshore oil and gas sector will help to sustain production over the coming years. The demand for Atlantic Canada's energy products is expected to remain strong in the United States, and the Arctic's oil and gas potential provide opportunities for Atlantic firms to benefit from the region's significant arctic R&D capability and proximity for service/supply contracts. Through the activities of the Atlantic Canada Energy Office, the Agency continues to support the development of the region's energy sector.

Atlantic Canada possesses an abundance of clean energy potential, with one of the best wind energy profiles in North America. Several wind farms are already in operation and more are planned across the region. The development of bio-energy/biofuels in Atlantic Canada is accelerating, with prospects in wood waste, agricultural products, municipal waste and algae. Studies on the potential for tidal/ocean energy in Atlantic Canada are currently under way, with strong possibilities in the Bay of Fundy region. The Muskrat Falls hydro project proposed in Labrador will develop more than 800 megawatts of the Churchill River's electrical power potential, one of the largest remaining undeveloped hydroelectric projects in North America. In support of federal investments in clean energy, ACOA is also collaborating with the Atlantic Provinces to develop an Atlantic Energy Gateway that will facilitate regional approaches on issues related to renewable energy development, such as integrating systems operations, planning and transmission.

One of the most urgent strategic issues facing the region concerns labour market and skills shortages, particularly as two major projects – Muskrat Falls and the national shipbuilding work – are set to begin. There is a growing consensus that a regional approach will be essential to address labour market issues. Through its coordination role, the Agency is prepared to work with the four Atlantic Provinces to ensure that shared labour market and skills priorities are managed collaboratively.

The following section summarizes the main planning highlights, expected results, and performance indicators and targets for ACOA's program activities, demonstrating how the Agency remains a viable and essential partner in Atlantic Canada – delivering quality programs and services to Atlantic Canadians.

Program Activity: Enterprise Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A Competitive Atlantic Canadian Economy	Enterprise Development	<ul style="list-style-type: none"> Innovation and Commercialization Productivity and Growth International Business Development

Program Activity Description

Notwithstanding recent overall economic progress, some significant challenges remain and great opportunities exist for development. 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. ACOA will work in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation. ACOA works to improve the region's capacity for economic growth through a variety of strategically focused mechanisms, which include: assisting enterprises, particularly SMEs, to help them start, expand or modernize their businesses, and establish and 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.

Financial Resources (\$ millions)

2012-13	2013-14	2014-15
175.6	175.1	175.2

Human Resources (FTEs)

2012-13	2013-14	2014-15
188	185	185

Expected result	Performance indicator	Target
Improved growth and competitiveness of Atlantic SMEs	Survival rates of ACOA-assisted firms	An annual variation of five percentage points higher than the survival rate of unassisted firms
	Sales growth of ACOA-assisted firms	Annual sales growth of ACOA-assisted firms that matches or exceeds the sales growth of comparable firms ⁶

⁶ Comparable firms are those similar to ACOA-assisted firms (i.e. in age, size, sector and geographic region) but that have not received a direct monetary contribution from the Agency. Statistics Canada provides custom data on the economic performance of SMEs that received Agency assistance and of a group of unassisted firms. The "sales" data are obtained from corporate income tax returns. Using the data from Statistics Canada, ACOA can compare the performance of assisted firms, in terms of sales growth, to that of unassisted firms.

Planning Highlights

In 2012-13, the Agency will continue to use its resources and programs to maintain its focus on improving the productivity and competitiveness of Atlantic Canadian companies.

In the presence of intense global competition, increasing the levels of research and development (R&D) and innovation is fundamental to improving Atlantic Canada's competitiveness and to closing the productivity gap with the rest of the country and the world. This is becoming increasingly important given some of the promising opportunities on the horizon (e.g. energy and shipbuilding sectors). A priority for the coming year will be the continued implementation of the Agency's innovation and commercialization strategies, which include initiatives to increase R&D, the adoption and adaptation of technology, and the commercialization of technologies developed in Atlantic Canada, all with the objective of increasing the profitability and the survival rate of Atlantic firms. ACOA will continue to support emerging clusters within the knowledge-based economy. As well, ACOA's investments will assist in the development of technologies that enable resource-based industries such as oil and gas, aquaculture and agri-food, fisheries, forestry and mining to enhance their competitiveness.

ACOA also invests in projects that enhance access for Atlantic Canadians to the information, business skills and financing they require to start and/or grow a business. Financing SMEs to undertake productivity and growth projects will remain a key priority for the coming year, with particular emphasis on projects related to enhanced productivity and the acquisition of technology. In 2012-13, there will be an enhanced emphasis on coordination of the Agency's investments in business skills and on ensuring that SMEs are equipped with the skills needed to address emerging issues such as demographic changes and skilled-labour shortages. As established in the Atlantic Shipbuilding Action Plan, ACOA will ensure that SMEs are aware of the process and requirements in place to secure supply-chain opportunities arising from shipbuilding projects and related work. To help ready SMEs to seize these opportunities, ACOA will proactively support their development in areas such as marketing, process improvements, and the acquisition of technology and certification.

In the area of international business development, ACOA will continue to align itself with Canada's [Global Commerce Strategy](#) by pursuing international opportunities and promoting Atlantic Canada as a place to do business. In 2012-13, ACOA will continue to work with its partners to identify new opportunities in terms of sectors, markets and strategies; work with universities and research institutions to support commercialization efforts; and work with other funding partners to identify efficiencies, collaboration and cost savings in the delivery of joint activities. ACOA's funding will contribute to increased export activity by SMEs and expanded foreign direct investment opportunities in Atlantic Canada.

Program Activity: Community Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A Competitive Atlantic Canadian Economy	Community Development	<ul style="list-style-type: none"> • Community Mobilization • Community-based Business Development • Community Investment • Infrastructure Programming

Program Activity Description

The Atlantic economy is built on the region’s many geographic, linguistic and cultural communities. From small remote villages to larger urban centres, the opportunities and challenges vary significantly. Communities are the foundation of economic development and are critical for economic prosperity. ACOA recognizes the importance of these communities in an economic development framework and supports their efforts to develop the resources they need to assume full responsibility for their own economic development. For those reasons, ACOA focuses targeted efforts and strategies toward community development and also aims to provide and maintain quality public infrastructure. ACOA works in co-operation with other levels of government, other federal government departments, non-government organizations and community groups to leverage support, coordinate economic development, react to economic challenges and, finally, to work with Infrastructure Canada and the Provinces to oversee and ensure the flow of federal funds allocated to each region through the various infrastructure funding streams. This requires a flexible, holistic approach based on the realities of a given community’s capacities, strengths and challenges. Community development is a bottom-up process that helps to develop the tools, resources and initiatives that support individual and unique strategic development.

Financial Resources (\$ millions)

2012-13	2013-14	2014-15
89.9	82.6	80.5

Human Resources (FTEs)

2012-13	2013-14	2014-15
83	80	80

Expected result	Performance indicator	Target
Dynamic and sustainable communities for Atlantic Canada	Increased capacity in community decision making, planning and delivery	Evidence of impact resulting from evaluations and supported by data
	Impact of ACOA projects on Community Development in Atlantic Canada as demonstrated by qualitative reviews	70% (percentage of projects successful in achieving intended objectives)
	Growth in sales of CBDC-assisted clients versus comparable firms	To establish a baseline in collaboration with the other RDAs from which targets will be developed

Planning Highlights

In 2012-13, ACOA will continue to work with communities and community economic development organizations to identify and implement economic opportunities benefiting the region’s rural and urban areas. This will involve investing in initiatives that provide value for investment while at the same time addressing local, community-based priorities.

ACOA uses its various programs – in particular, the Innovative Communities Fund (ICF), Community Futures (CF) and the Business Development Program (BDP) – to stimulate economic development at the community level. Through these funding mechanisms, the Agency will place greater emphasis on strategic investments to improve the productivity and competitiveness of Atlantic SMEs and the communities in which they operate.

The Agency will also focus on repositioning community mobilization to better respond to changing economic circumstances. This will include implementing approaches to maximize the efficiency and effectiveness of community mobilization resources and engaging key community development stakeholders in the process.

ACOA will continue to work with the [Community Business Development Corporations](#) (CBDCs) across Atlantic Canada to increase access to capital for small businesses in rural communities. This will include strengthening CBDC governance to ensure strong representation from key economic groups in local areas. The Agency will continue to support the CBDC network in the implementation of the Community Futures of Tomorrow model in order to optimize results, including growth in sales of CBDC-assisted clients. ACOA is coordinating a national exercise to compile data from Community Futures Organizations (CFOs) that will be used to establish a national baseline for related performance targets. These will be used by departments for various performance indicators, including the increase in sales of CFO-assisted firms versus sales of firms that have not received such assistance.

The official languages minority communities and the aboriginal communities remain ACOA priorities for community development. The Agency will continue to work with these groups to identify investments that will support strategic development. ACOA will continue to implement measures to ensure that it fulfills its obligations under the *Official Languages Act* and the Agency’s Official Languages Policy. Furthermore, work will be

undertaken to implement new guidelines and procedures with respect to ACOA's legal duty to consult with the aboriginal communities.

Lastly, the Agency's main focus in the area of infrastructure will be to collaborate with Infrastructure Canada in the continued delivery of infrastructure programs as well as the long-term planning of future infrastructure programs.

Program Activity: Policy, Advocacy and Coordination

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A Competitive Atlantic Canadian Economy	Policy, Advocacy and Coordination	<ul style="list-style-type: none"> • Policy • Advocacy • Coordination

Program Activity Description

ACOA's Policy, Advocacy and Coordination (PAC) program activity 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 decision making by the Agency and the minister. In offering strategic, researched policy positions that reflect the region's potential, in influencing national policies and programs that affect Atlantic Canada's development and interests, and in coordinating other policies and programs within the region to form integrated approaches to development, PAC helps carry the Agency's agenda forward and helps ensure that ACOA overall remains relevant and responsive to the opportunities and challenges in Atlantic Canada.

Financial Resources (\$ millions)

2012-13	2013-14	2014-15
11.3	11.3	11.3

Human Resources (FTEs)

2012-13	2013-14	2014-15
82	80	80

Expected result	Performance indicator	Target
Policies and programs that strengthen the Atlantic economy	Atlantic regional economic policies and programs that respond to regional development opportunities	Collaboration with other federal departments and engagement with partners in Atlantic Canada to implement the Atlantic Shipbuilding Action Plan and ensure that Atlantic Canada has the appropriate labour force to address emerging economic opportunities in the region

Planning Highlights

In 2012-13, Policy, Advocacy and Coordination's support for the Agency's key activities will continue to ensure that ACOA's programs and activities are responsive and relevant to both national priorities and the needs of Atlantic Canadians. The Agency will pursue its collaboration with Atlantic provincial governments to explore joint approaches for economic development. Through its coordination role, the Agency will work with the four Atlantic Provinces and other stakeholders to ensure that Atlantic Canada's skilled labour force is appropriate to meet the needs of major new projects in the region, such as the shipbuilding initiative and the planned Muskrat Falls hydroelectric development.

The Agency will continue to play a critical role in delivering the federal agenda in Atlantic Canada, with ACOA's regional offices providing research and analysis as well as on-the-ground policy and program coordination. Research and analysis will help to identify opportunities for community development, determine more effective approaches to local economic development, and support international business development by exploring what Atlantic businesses need to know and what skills their staff need to better connect with global value chains in not only existing but emerging sectors (e.g. ICT, shipbuilding and renewable energy). The Agency will continue to coordinate its research agenda, which will increase collaboration internally and provide strategic research to support sound decision making.

ACOA will focus its PAC efforts on key issues reflecting both Atlantic Canadian priorities and the federal agenda so that federal government initiatives and Atlantic regional economic policies and programs respond to the actual challenges and opportunities facing Atlantic Canada. ACOA will advocate for the interests of Atlantic Canada in priority areas such as energy and the environment, science and technology, resource industries and skills development. The Agency's procurement advocacy efforts will work to secure industrial regional benefit commitments for Atlantic Canadian SMEs resulting from procurements within the [Canada First Defence Strategy](#) and the [National Shipbuilding Procurement Strategy](#). Through the implementation of the Atlantic Shipbuilding Action Plan, ACOA will play a key role in helping to maximize opportunities for Atlantic SMEs to participate in the \$33-billion federal shipbuilding initiative.

The Agency, in co-operation with Transport Canada, will continue to lead the coordination and integration of [Atlantic Gateway](#) activities across federal departments, provincial governments, private-sector partners, gateway councils and other stakeholders in the region. Under the direction and leadership of the Atlantic Canada Energy Office, the Atlantic Energy Gateway initiative will aim to facilitate the development of the Atlantic renewable energy sector by fostering collaboration, common understanding and communication among governments and the private sector in order to maximize and expedite the development of clean and renewable energy resources in the region. In order to support the growth and development of Atlantic Canada's energy sector, ACOA will continue to work to facilitate and coordinate federal efforts in support of the development of new energy projects in the region, while engaging provincial governments, offshore boards, industry and academia.



Program Activity: Internal Services

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A Competitive Atlantic Canadian Economy	Internal Services	<ul style="list-style-type: none"> • Governance and Management Support • Resource Management Services • Asset Management Services

Program Activity Description

Internal Services are groups of related activities and resources administered to support the needs of programs and other corporate obligations of an organization. It includes the following groups: 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; acquisition services; and travel and other administrative services. Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program.

Financial Resources (\$ millions)

2012-13	2013-14	2014-15
30.7	29.6	29.6

Human Resources (FTEs)

2012-13	2013-14	2014-15
271	269	269

Planning Highlights

Internal Services' goal will be to focus on the management priorities described in Section I, which are public service renewal, efficiency, management information, and values and ethics.



ACOA is a participant in the Federal Sustainable Development Strategy (FSDS) and, through its Internal Services program activity, contributes to Theme IV of the strategy: Shrinking the Environmental Footprint – Beginning with Government. The FSDS goal that falls under Theme IV is Greening Government Operations (GGO), which has five target areas that apply to ACOA.

- Surplus Electronic and Electrical Equipment
- Printing Unit Reduction
- Paper Consumption
- Green Meetings
- Green Procurement

Specific details on ACOA's plans for each of these GGO target areas can be found in the Agency's supplementary report [Greening Government Operations](#).

Section III: Supplementary Information

Financial Highlights

The future-oriented financial highlights presented in this report are intended to serve as a general overview of ACOA's financial operations. They are prepared on an accrual basis to strengthen accountability and improve transparency and financial management.

The future-oriented financial statements can be found on [the Agency's website](#).

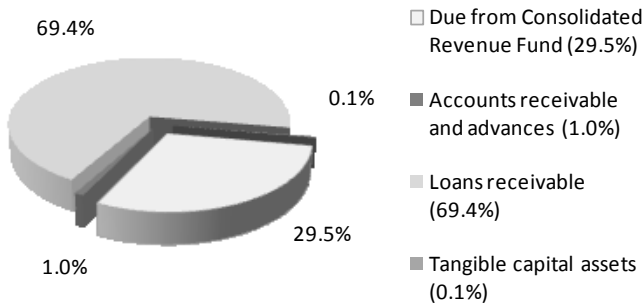
**Future-oriented
Condensed Statement of Operations**
For the Year (ended March 31)
(\$ millions)

	Change	Future-oriented 2012-13	Future-oriented 2011-12
Total expenses	8.6	277.9	269.3
Total revenues	0.2	8.5	8.3
Net cost from continuing operations	8.4	269.4	261.0

**Future-oriented
Condensed Statement of Financial Position**
For the Year (ended March 31)
(\$ millions)

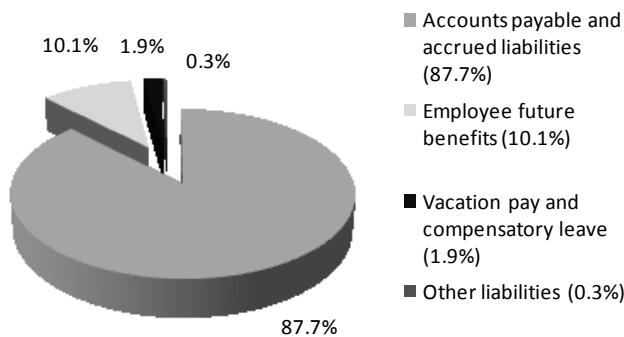
	Change	Future-oriented 2012-13	Future-oriented 2011-12
Total assets	(18.9)	323.4	342.3
Total liabilities	(3.7)	110.1	113.8
Equity	(15.2)	213.3	228.5
Total liabilities and equity	(18.9)	323.4	342.3

Assets by Type



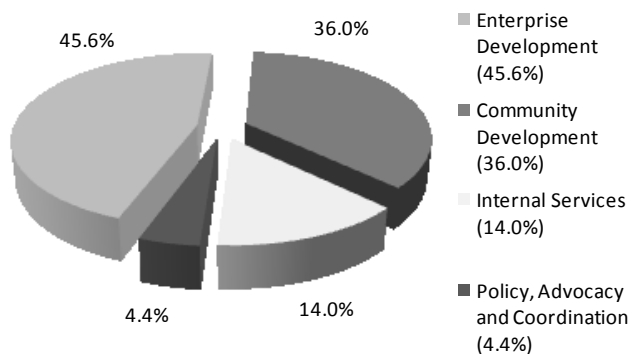
The assets for 2012-13 are projected to be \$323.4 million, with the largest asset being loans receivable (\$224.4 million, or 69.4%). Loans receivable are unconditionally repayable contributions.

Liabilities by Type



Total liabilities for 2012-13 are projected to be \$110.1 million. The largest liability is accounts payable and accrued liabilities (\$96.6 million, or 87.7%). The remainder of the liabilities comprise employee future benefits (10.1%), vacation pay and compensatory leave (1.9%) and other liabilities (0.3%).

Expenses - Where Funds Go



Total expenses for 2012-13 are projected to be \$277.9 million. Of these expenses, \$126.7 million (45.6%) will be spent in the Enterprise Development program activity, and \$100.0 million (36.0%) in the Community Development program activity. Projected expenses in the Policy, Advocacy and Coordination program activity are \$12.3 million (4.4%), while Internal Services are \$38.9 million (14.0%).

Total estimated expenses in the future-oriented financial statements differs from planned spending presented earlier in this document because estimated expenses include accruals such as amortization, severance and vacation pay, liability adjustments and services received without charge from other government departments (e.g. legal services and accommodation costs). In addition, estimated expenses exclude disbursements for repayable contributions (i.e. loans receivable), which are classified as assets. A reconciliation between total estimated expenses and planned spending is detailed in the future-oriented financial statements, note 5 (b).

Future-oriented Financial Statements

ACOA's future-oriented financial statements can be found on [the Agency's website](#).

Supplementary Information Tables

Electronic supplementary information tables for the *2012-13 Report on Plans and Priorities* can be found on the [Treasury Board of Canada Secretariat's website](#).

- Details on Transfer Payment Programs
- Internal Audits and Evaluations
- Greening Government Operations
- Horizontal Initiatives
- Sources of Non-responsible Revenue

Section IV: Other Items of Interest

Organizational Contact Information

ACOA Head Office
Blue Cross Centre, 3rd Floor
644 Main Street
P.O. Box 6051
Moncton, New Brunswick E1C 9J8
(Courier address: E1C 1E2)

General inquiries: 506-851-2271
Toll free (Canada and the U.S.): 1-800-561-7862
Facsimile: 506-851-7403
Secure Facsimile: 506-857-1301
Access to Information/Privacy: 506-851-6202
TTY⁷: 1-877-456-6500
<http://www.acoa-apeca.gc.ca/English/Pages/home.aspx>

Additional Information

Information on the following topics is available on [ACOA's website](#).

- Repayable Contributions Portfolio of the Business Development Program
- Information on program sub-activities of ACOA's Program Activity Architecture
 - Innovation and Commercialization
 - Productivity and Growth
 - International Business Development
 - Community Mobilization
 - Community-based Business Development
 - Community Investment
 - Infrastructure Programming
 - Policy
 - Advocacy
 - Coordination

⁷ A Teletype or teletypewriter (TTY) is a device that enables people who are hearing- or speech-impaired to use a telephone to communicate by typing and reading messages instead of talking and listening. A TTY is required at both ends of a conversation in order to communicate.