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Chair

Mr. Dan Ruimy

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• (1535)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Welcome everybody to our 10th meeting of the Standing Committee on Industry, Science and Technology.

Today we have with us from the Federal Economic Development Agency for Southern Ontario, Alain Beaudoin, vice-president, business innovation and community development; and Susan Anzolin, chief financial officer. From the Department of Industry, we have Paul Halucha, associate assistant deputy minister, strategic policy sector; and Aime Dimatteo, director general, FedNor, the Federal Economic Development Initiative in Northern Ontario. Finally, from the Canadian Northern Economic Development Agency, we welcome Janet King, president, as well as Anja Jeffery, acting vice-president, policy, planning, communications and NPMO.

What's NPMO?

Ms. Janet King (President, Canadian Northern Economic Development Agency): It's the northern projects management office.

The Chair: Good. Okay.

As with the other sessions we've had, we are going to allow each organization to do their presentation and then we'll start the line of questioning.

Who would like to go first?

Ms. Janet King: If I may, Mr. Chairman, I'll start with my remarks.

Thank you for this opportunity to appear before the Standing Committee on Industry, Science and Technology. As you noted, my name is Janet King and I am president of CanNor, which is the short term for our agency. Joining me is Anja Jeffery, acting vice-president, as you noted.

CanNor's mandate is to foster economic development in Canada's northern territories: Nunavut, Northwest Territories, and Yukon. Our areas of business include economic development and diversification through contribution programs, the Northern Projects Management Office, as well as policy and advocacy.

The agency currently has 87 employees, 28 of whom are located in headquarters in Iqaluit, and the remaining employees work in our offices in Whitehorse, Yellowknife, and here in a liaison office in Ottawa.

This year's main estimates allocated \$26.2 million to CanNor. Through budget 2016 CanNor received an additional \$25.9 million in renewed funding for three of the agency's main activities and programs. In addition, CanNor received \$3.2 million to deliver investments that will support projects to renovate, expand, and improve existing community and cultural infrastructure in the north, a program that we are pleased to deliver in collaboration with our sister development agencies.

[Translation]

Mr. Chair, I would like to set the stage by highlighting the context in which CanNor operates, exemplified by the unique challenges and opportunities that face northerners, their communities, and their way of life.

The northern economy has significant potential, but it is challenged by the following factors: first, its vast and remote geography, which accounts for 40% of Canada's land mass; second, its sparse and dispersed population, with half of its 117,000 residents being indigenous; and finally, its infrastructure is lacking. Of a total of 72 communities, 45 do not have year-round road access.

The public sector and resource development sector remain the biggest economic drivers, representing over 50% of GDP for the territories. The north's natural resource endowment will continue to be the foundation for economic growth. Declining commodity prices in recent years, as well as reduced investments, have, however, had a negative impact on the mining industry, and the north certainly felt that in 2015.

Over the medium and long term, it is expected that resource development will pick up again as new mines come online. The opportunity to diversify and to continue building a broad-based economy will nevertheless remain important to reducing the impact of boom and bust cycles. Critical investments in public infrastructure, including roads, airports, hospital renovations, and community facilities, will help the territories create jobs and serve as important foundations on which to build the economy.

[English]

I would be remiss, Mr. Chairman, if I didn't mention the complex social issues in the north, such as mental health, housing shortages, food security, and low educational outcomes, which impact the abilities of northerners to successfully partake in the economy.

Economic prosperity is strongly linked to the resilience of northern indigenous peoples and their communities. CanNor's work is shaped by these circumstances and the agency invests directly in the growth of indigenous businesses to support local economies. I'm pleased to report that 92% of the indigenous businesses that CanNor supported in 2011-12 were still operating after three years.

Partnerships are key to our success. The agency successfully leverages its contribution funding by aligning with federal, territorial, and other economic development partners. CanNor will continue to adjust to the realities, issues, and challenges faced by communities and businesses in the north.

Mr. Chairman, CanNor's priorities for the coming years are aligned with those of the government. Our core strategic investments in the northern economic development program, funded at \$20 million per year, have as their objective strengthening and diversifying the northern economy. This program supports a broad range of activities and sectors, from fisheries in Nunavut, to biomass fuel in the NWT, and tourism in Yukon.

● (1540)

Looking ahead, CanNor will also focus the program on supporting the development of innovative technologies that can grow and diversify the northern economy. Innovation in the north often involves accelerating the uptake of existing technologies, such as solar or wind energy, by refining them to work under northern conditions. Innovative technologies and processes also include developing clean technologies that lower the environmental footprint associated with northern resource development. A northern innovation research and development cluster is poised for growth with the creation of Polar Knowledge Canada and the completion of the Canadian High Arctic Research Station in Cambridge Bay, which joins such established organizations as Yukon College's Cold Climate Innovation Centre.

We are committed to improving partnerships on all levels. North of 60, CanNor delivers on the government's commitment to improve livelihoods and create jobs for indigenous people. Our northern aboriginal economic opportunities program, at \$10.8 million per year, provides investments for indigenous entrepreneurs and supports initiatives that help indigenous communities benefit from economic development opportunities.

Complementary to the indigenous focus of this program, CanNor also administers the northern adult basic education program, extended one year in budget 2016 with \$4 million. Delivered in partnership with the three northern colleges, this program has so far helped around 2,500 indigenous northerners get the training they need so they can participate more fully in the labour market.

CanNor is also responsible for the Northern Projects Management Office, renewed over the next four years with \$10 million in budget 2016. This office was established in 2010 to improve the environmental review processes for proposed major resource and infrastructure projects in the north. The office has a mandate to improve timeliness, predictability, and transparency of northern regulatory processes to foster a more stable and attractive investment climate in the territories. The office exercises this mandate by coordinating federal efforts in the northern regulatory review processes; providing advice and issues management to partners

such as territorial governments, industry, regulatory boards, indigenous groups, and communities; and by overseeing crown consultations within indigenous communities.

As I mentioned, the mining sector currently faces challenges due to global economic circumstances. Nevertheless, shovel-ready projects are in development in the north. The Northern Projects Management Office is currently working with over 50 companies and tracking over 30 major projects that are either preparing for regulatory processes or are already in the process. These projects represent more than \$21 billion in capital investment and over 9,000 jobs.

Let me conclude by noting CanNor's role as a federal voice for the territorial north. By continuously building with partners an understanding of the north and its unique circumstances, we strive to help foster and support a prosperous and resilient north, both within and outside the federal government.

[Translation]

Mr. Chair, this is a brief overview of CanNor's operating environment and of the agency's programs and services.

I will be pleased to answer the committee's questions.

Thank you. *Merci. Qujannamiik. Mahsi cho.*

[English]

The Chair: Thank you very much.

We will move on to our next witness.

Mr. Aime Dimatteo (Director General, FedNor (Federal Economic Development Initiative in Northern Ontario), Department of Industry): Thank you, Chairman.

My name is Aime Dimatteo, and I'm the director general of FedNor. Like my colleagues' organizations, FedNor is a regional development organization that is responsible for economic development, job creation, and economic diversification for the constituency that we serve, which in my case is northern Ontario. We do so through the delivery of our programs and initiatives, but just as importantly, we do so also through partnership and collaboration with all of our other federal departments and with the Province of Ontario in a very large way.

FedNor has a very large service area. FedNor's northern Ontario represents 90% of the land mass of the province of Ontario, but we have 7% of the population scattered across this very large geography. While more than half of the population lives in five major centres, the remaining population of 150 municipalities and 110 of 126 first nations in Ontario residing in the north quickly falls into very small population bases. Over 80% of the municipalities have populations of 2,000 or less. Probably close to 90% of our first nation communities have fewer than 1,000 people on reserves in the 110 communities that we serve. Of those 110 first nation communities, 29 of them are remote first nation communities that are accessible only by air and by winter road. That aboriginal population represents approximately 12% of northern Ontario's population, some 100,000 people, and it's a growing population in northern Ontario.

FedNor's organization serves this large constituency through our six offices located across northern Ontario, so we are extremely hands-on with all of the stakeholders that we serve across northern Ontario.

In a nutshell, the challenges are varied but significant. Notwithstanding the results of the delivery of our programs and our efforts through FedNor's programs and its collaboration, there are still significant challenges that remain. Some of these are cyclical in nature, including the dependency on natural resources that are susceptible to global economic influences. We see these fluctuations now playing out in the mining industry, and certainly in the steel industry, and not as recently in the forestry industry, where there was a major downturn. Now we're seeing the cycle starting to pick up again.

A large number of our communities, as I said, are small. They're rural, they're remote, and they lack the capacity, both fiscal and human, to undertake a lot of the economic opportunities that every once in a while do come in front of them. It requires a major effort by not only FedNor but all the players in northern Ontario to build that capacity that will enable us to get to the outcomes that we are all striving for, which is economic development, economic diversification and, of course, job creation.

Northern Ontario is faced with limited infrastructure—again given the large geography that we cover—including limited availability of broadband. We still have many small communities across this vast region that are unserved with the most basic broadband that we generally take for granted.

While we have a declining population, the good news on the aboriginal communities' front is that their populations continue to grow and are becoming a force to be reckoned with from an economic development perspective.

Lastly, I'll mention the high energy costs across northern Ontario. Our major industries—forestry, mining, and steel—are huge users of energy, and the energy costs are extremely prohibitive, in some cases meaning the difference between their making investments and availing themselves of growth opportunities, which are not possible with some reduction in high and growing energy costs.

Notwithstanding these challenges, we certainly view the glass as half full. We think there are great opportunities that come from these challenges. Those include investments in new technology and value-

added products, and I'll be pleased to provide examples later on if the opportunity provides itself.

● (1545)

We are advancing innovation clusters. In some of my discussion in the introductory remarks, there was a comment made about the Sudbury centre of excellence in mining innovation, which is a world-class cluster when it comes to mining. Whether it be deep mining, supply and services, or product development, we lead by example for the world.

We have an expanding ICT sector that is taking advantage of working with SMEs, small and medium-sized enterprises, that are adopting technology and are becoming companies that we know and expect we will be able to work with and to grow in the future.

I referred earlier to the active and increasing aboriginal population, which is taking on a more proactive and participatory position in economic development than ever before. This presents a great opportunity to advance a lot of resource development opportunities in the far north, in particular, where many of our remote communities are located.

We also have growing opportunities in both tourism and agriculture. Where the Canadian dollar stands right now certainly provides an incentive for tourists to visit northern Ontario. Again, 90% of the land mass is a beautiful wilderness. It is attracting world-class attention. We are seeing visitors from a variety of countries around the world who come to visit and play in northern Ontario.

Agriculture is on the rise. We have affordable agricultural land in northern Ontario. On average, you can buy an acre of land for as low as \$500, whereas in southern Ontario that same acre of land will start at somewhere around \$5,000 and may go as high as \$25,000.

There is a lot of available land, and we are seeing industry players wanting to take advantage of that. We've talked to the Canadian Cattlemen's Association of Canada and to cattlemen's associations in Ontario who are looking for these kinds of opportunities.

Also, given, if you will, climate change, we are seeing that our agricultural businesses are able to grow a different kind of product mix because they can grow it earlier and the season is lasting longer. That is also providing great opportunities for the agricultural businesses in northern Ontario to extend their reach and their capacities.

It would be remiss of me not to talk about the budget pressures that FedNor and my other colleagues are facing. FedNor operates four programs. Three are national in context, but our flagship program is called the northern Ontario development program. It focuses on three priorities: innovation; business growth and competitiveness; and community economic development. It's not by coincidence that these three priority areas align directly with the government's priorities and the mandate across the country to make the economy grow.

Our program has experienced a continued and steady increase in demand over the last five years, and we do not see the demand stopping any time soon. Unfortunately, the demand is exceeding the current level of funding available to FedNor; hence, the importance that FedNor puts not only on its own grants and contributions programs, but also on the collaboration and partnerships that we look for with other federal departments, other programs, and with the Province of Ontario and all of its ministries to ensure that we can maximize the right revenues brought to the right project at the right time, so that no good project goes unfunded.

We have many single-industry and resource-dependent communities, in forestry and mining in particular, and in the last downturn in the forestry industry, some 35 or 40 of these communities were extremely impacted. They lost their fundamental economic engines and had to recreate themselves. We are quite thankful that we're seeing a rebound in the industry. It is not as job-intensive as it was in the past, but nonetheless we are now seeing investments coming back into the forestry industry.

As a matter of fact, these threatened single-industry communities were referenced in our minister's mandate letter as communities that will require additional assistance to help them achieve a better strategic plan, outcomes, and diversification, so their economies can and will continue to prosper and will not always be dependent on the vagaries of a single industry.

●(1550)

In conclusion, FedNor will continue to act as the Government of Canada's lead economic development organization in northern Ontario. We believe that we are well positioned to deliver on our mandate, the government's priorities, and to work in unison with all of our federal partners to ensure that our indigenous communities and our small municipalities across northern Ontario are offered the opportunities and provided with the backing to spur on economic prosperity and diversification.

Thank you very much, Chair. I look forward to continuing the discussion.

The Chair: Thank you very much.

Finally, Monsieur Beaudoin.

[*Translation*]

Mr. Alain Beaudoin (Vice-President, Business Innovation and Community Development, Federal Economic Development Agency for Southern Ontario): Mr. Chair, members of the committee, it is a privilege to appear before you today representing the Federal Economic Development Agency for Southern Ontario.

FedDev Ontario was established in 2009 in response to the global economic downturn. The agency started with a five-year mandate and was renewed in 2013 with a second five-year mandate, ending on March 31, 2019. The agency is headquartered in Waterloo and has offices across the region, in Ottawa, Toronto, and Peterborough, employing approximately 230 full-time staff.

To better understand FedDev Ontario, let me first highlight the region we serve. Our catchment area spans from Cornwall in the east to Owen Sound in the west, and from Pembroke in the north to Windsor in the south.

●(1555)

[*English*]

Southern Ontario is a unique region and a key contributor to the Canadian economy. It is home to approximately a third of Canada's population, and accounts for more than a third of national employment, GDP, and exports. Southern Ontario is home to key clusters, including automotive, finance, ICT, and life sciences, many of which are being supported by incubators and accelerators. The region hosts almost 50% of all employees in high tech, financial services, and other knowledge-intensive industries. A large number of multinationals are also operating in the region.

Nearly half of all Canadian private sector research and development is performed in Ontario, and Ontario also has the highest rate of university educational attainment in the country, and the largest number of colleges and universities.

[*Translation*]

Nevertheless, the region has not been immune to the pressures of the changing global economy. Similar to other advanced economies, the region is undergoing a shift towards a growing service-oriented and knowledge-based economy. Many of the region's traditionally strong industries, such as the manufacturing and automotive sectors, are facing challenges. While economic conditions have improved in recent years, there are still some ongoing challenges. These include lagging productivity, a lack of access to risk capital, poor export performance, competition from emerging markets, and fluctuations in the Canadian dollar.

FedDev Ontario's programs and services are meant to leverage the region's strengths to address these challenges. Our core mandate is to strengthen southern Ontario's economic capacity for innovation, entrepreneurship, and cooperation, while also promoting the development of a strong and diversified southern Ontario economy.

FedDev Ontario supports the Government of Canada's priorities, such as driving clean economic growth, supporting firms' abilities to scale up, and creating good, well-paying jobs for the middle class, as announced in budget 2016.

FedDev Ontario has five key roles. We invest in targeted projects, along with other partners, to stimulate the economy. We deliver national programs in our region. We provide business-related services to firms and other stakeholders. We bring together key stakeholders to improve the economy, serving as a convener. Finally, we act as a champion for the region.

[English]

To deliver on this mandate, we were provided with \$920 million for core programming over five years. Through an initiative called investing in business innovation, the agency supports early-stage companies in areas such as access to capital, mentorship, and work with incubators. The agency also supports SMEs in areas such as scaling-up capacity, facilitating access to export markets, and adopting technology to increase productivity, through an initiative called investing in business growth and productivity.

It is a well-known fact that the manufacturing sector is an important part of southern Ontario's activity. There are more than 34,000 manufacturing establishments across Ontario, almost all of which are in southern Ontario.

Since its creation, FedDev Ontario has committed more than \$571 million through approximately 2,200 manufacturing projects. The agency continues to support the manufacturing sector, primarily through investing in business growth and the productivity initiative referred to earlier, as well as through the advanced manufacturing fund. Through this fund, the agency supports companies investing in large-scale, incremental, and transformative advanced manufacturing activities, and adopting cutting-edge technologies, and undertaking projects that create spillover benefits for manufacturing clusters or global supply chains.

Further, given the research strength in the region, FedDev Ontario also supports commercialization partnerships. These partnerships allow one or more private sector companies to leverage a university or research institution's expertise, with the goal of developing globally competitive products and services, or innovative platforms that can demonstrate commercial value. This is done through an initiative called investing in commercialization partnerships.

Supporting our communities to thrive is an important role of FedDev Ontario as well. Through an initiative called investing in regional diversification, the agency supports communities to leverage their unique assets and take advantage of emerging opportunities to diversify, enhance competitiveness, and attract investment.

To serve the ongoing economic challenges of youth out-migration and the transition of traditional sectors in eastern Ontario, the agency has a program called the Eastern Ontario development program. This program promotes business development, community innovation, and strategic collaboration, and is delivered through the region's community futures development corporations.

Fed Dev Ontario, like other regional development agencies, plays an important role as a federal delivery agent for national programs, specifically the community futures program, the economic development initiative, and the Canada 150 community infrastructure program.

FedDev Ontario also delivers services that are common to other regional development agencies, through industrial and technological benefits activities and Canada Business Ontario, which is part of the Canada Business Network. Canada Business Ontario provides information on how to start, manage, and grow a business to people across Ontario through its online contact centre and outreach activities. It also provides services to the National Research

Council's industrial research assistance program and the concierge service across Canada.

• (1600)

[Translation]

Our contribution to achieving positive economic outcomes is realized not only by co-investing in projects and delivering services, but also by acting as a convenor and champion for the region. Fed Dev Ontario convenes key regional players to seek a common vision and encourage the development of coordinated plans, while actively promoting the region. The agency can also provide regional intelligence, serving as the bridge to and from Ottawa.

Looking ahead to this fiscal year, and as outlined in the agency's main estimates, FedDev Ontario plans on spending more than \$200 million on strategic projects approved through our funding programs. We will do this with less than \$29 million in operating funds.

In closing, I want to thank you for the opportunity to appear before the committee today.

[English]

The Chair: Thank you very much for your presentations.

We will go straight to questions, starting with Mr. Jowhari. You have seven minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): I would like to thank all of you for taking the time to come here to share with us the challenges, as well as the strengths. I would like to focus on the strengths today. I'm going to address my first question to Mr. Beaudoin, from FedDev Ontario.

In your speech, on page 2, you said that "given the research strength in the region, FedDev Ontario also supports commercialization partnerships." Then you continued by highlighting one or more private sector companies that leverage a university or a research institution's expertise.

Could you give us an example of whom you're partnering with and how it has gone through the process to commercialization, specifically in one or two sectors, such as clean tech or any other sector you're interested in.

Mr. Alain Beaudoin: Mr. Chair, I referred in my introduction to the capacity that the region has and also the fact that it has the highest concentration of colleges and universities. There are 35 colleges and universities in southern Ontario as well as a number of research institutions.

Through the investing in commercialization partnerships, the objective and the goal is to try to leverage that capacity in order to support the innovation ecosystem and to support the development of partnerships with the private sector. Through that program we're trying to leverage those partnerships but also to ensure that they are focused on commercialization outcomes.

The idea is to have those public-private sector partnerships to make sure that some of the challenges and opportunities that the private sector is facing are identified and that the capacity of the universities or the colleges is leveraged in order to find solutions to their challenges.

I'll give two examples. In January the Prime Minister announced funding of \$12 million for the Southern Ontario Water Consortium. It's a \$12 million contribution for a consortium of 11 universities and one college, all of which have capacity in water-related technology, research, and development. The idea is to have that consortium of universities and colleges partner and complement their capacity; and in return they will partner with various small and medium-sized enterprises across the region in order to accelerate or prototype or bring to markets water-related technologies.

Each university or college that is part of the partnership has its own strength, which could be, for example, water treatment or water filtration. They're trying to complement one another as opposed to competing in order to leverage their capacity.

In return, this allows the small and medium-sized enterprises to partner with those universities, to partner with those researchers in order to bring to market their products or their services more quickly. In return they will, for example, partner with municipalities in the region in order to do some prototyping on testing of the technologies. If they are successful, they can use those outcomes to more easily export their products or their services globally.

The other example is the Southern Ontario Smart Computing Innovation Platform. Some of you may have heard of it, it's called SOSCIP. It's a consortium of 14 universities across the region again in partnership with IBM and also with a number of small and medium-sized enterprises. The idea is to leverage essentially the digital infrastructure or the digital technologies, big data, and high performance computing that IBM has to offer but also that the universities have access to in order to leverage big data analytics to accelerate commercialization of products and services again.

In that case, last year the agency provided \$20 million to support the platform. They have four areas of specialization. Three of these are mining, advanced manufacturing, and cybersecurity. The idea, again, is to spur and to create those partnerships leveraging any comparative advantages to accelerate commercialization and to provide those companies with the first mover's advantage, because it's really important for them to bring those products and services to market as soon and as quickly as possible in order to beat the competition.

• (1605)

Mr. Majid Jowhari: To representatives of our northern agencies, both of you highlighted a lot of challenges, but you also highlighted some strengths. On the innovation side, can either of you expand on how you're using your strengths in that region to help the innovation agenda that we have?

Ms. Janet King: I'll give a few examples by way of an answer.

We partner regularly with Yukon College, which has the centre for cold climate technology. That's a natural fit. We help them invest in key projects, which often underpin northern needs rather than sort of

independent products. We invest with them in terms of both building their capacity and delivering certain projects.

We also partner with IRAP. We have an MOU with IRAP broadly across the three territories. We have a physical presence across the territories and have our hands and feet everywhere. IRAP is our partner in terms of channelling technology opportunities to others with those skills.

So there are two brief examples.

Mr. Aime Dimatteo: Probably, a really good example is the Centre for Excellence in Mining Innovation out of Sudbury, which is a world-class initiative. It's a partnership of the large mining companies and several universities, both in northern Ontario and southern Ontario. It is looking at driving innovation in the mining industry, for example, mining at depth.

We have mines now where we are mining product two miles underground. When you start getting to that kind of depth, heat becomes a very significant matter. There are developments and technology relevant to what you need to do, so that people are able to work under those circumstances, and also—

• (1610)

The Chair: Sorry, I have to cut you off there. Thank you very much.

We will move to Mr. Nuttall. You have seven minutes.

Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC): The water technology, I believe, was originally the brainchild of then-chancellor, now Governor General, David Johnston. It was started out of Waterloo. It's been a long time coming, and I want to congratulate you on the work that's been done. I know that former minister Goodyear spent a lot of time on that initiative as well.

I have a few questions. In terms of FedDev's responsibilities, the manufacturing industry, on the whole, is a large pin for the southwestern economy, as well as central Ontario and, quite frankly, all the way through. We've seen some gains recently and some losses. I don't necessarily pay attention to month-over-month numbers as much as annualized or quarterly numbers.

Do you see it as an expanding area again, or do you see further withering as taking place?

Mr. Alain Beaudoin: There have been various reports by the financial institutions and their chief economists and the Conference Board talking about what the performance of the manufacturing sector could be moving forward, and about its maybe benefiting from the lower loonie and increased demand in the United States. The forecast is probably looking better than it was a few years back. There has been some progress from that perspective.

That said, one of the things we're trying to do in support of the manufacturing companies with our programs is to support their ability to compete, and to increase their innovation and productivity.

In my opening remarks, I referred to the programs that we have, whether it's the advanced manufacturing fund or the investing in business growth and productivity initiative. We are trying to support their efforts to increase their productivity and competitiveness; to consolidate and also expand their presence in the supply chains, whether they are domestic or global; and to make sure they can compete on the global stage.

Mr. Alexander Nuttall: Absolutely.

The advanced manufacturing fund, as I understood it, is about \$200 million. Is that correct?

Mr. Alain Beaudoin: Yes.

Mr. Alexander Nuttall: Was that amount recommitted?

Mr. Alain Beaudoin: The \$200 million that was announced is part of the second five-year renewal that I referred to earlier. It's part of the \$920 million that the agency received. That \$200 million is still in place and ongoing.

We've made five announcements related to the advanced manufacturing fund at this stage, totalling \$95 million. There will be more.

Mr. Alexander Nuttall: One of the larger pieces of the mandate letter that stood out to me regarding FedDev was a transitioning away from manufacturing. Is your agency undertaking that strategic view at this point to transition away from manufacturing in southwestern Ontario?

Mr. Alain Beaudoin: For us, it's a question of supporting Minister Bains and the other ministers and the objectives in the mandate letter. Part of the broader issue is to ensure that we can support innovation, that we can support firms' ability to scale up and grow.

We see our investments toward the manufacturing sector, which represents 13% of GDP in Ontario and hundreds of thousands of jobs, as really important. The manufacturing sector in Ontario represents close to 50% of total business expenditure on R and D in Canada. It's really important from that perspective. We're supporting those efforts to support those firms' ability to grow and to tap into global markets.

●(1615)

Mr. Alexander Nuttall: It sounds to me like you're not transitioning away from manufacturing, but you're actually investing in manufacturing capacity through innovation and market opportunities that arise. Is that correct?

Mr. Alain Beaudoin: Yes.

Mr. Alexander Nuttall: Was FedDev allocated more funds in this budget?

Mr. Alain Beaudoin: No. We were allocated \$920 million back in 2013 for our second five-year mandate. Our mandate will end on March 31, 2019.

Mr. Alexander Nuttall: To all the agencies— as quickly as possible because I only have seven minutes—in the measurables that you put in place, I assume that job growth is one of them. I assume that repayable loans, versus what I'll call corporate welfare, is one of them. Can you quickly outline those two specifically, because I think they're very important measurables in terms of government

accountability. Can you outline what your targets are for the dollars that you put in versus dollars for total projects, the number of jobs, and the percentage of your book that goes to repayable versus non-loans?

The Chair: You have about a minute.

Mr. Alexander Nuttall: Good luck on that.

Mr. Alain Beaudoin: Maybe to take a few steps back before answering the specifics, when we assess each of the projects we receive, obviously we look at them in terms of the value for money, the projects' eligibility, and the impact these projects will have going forward. One of the things we're looking for is total project costs—the amount of funding that will be leveraged out of this—and also job creation, increasing revenues, and spillover benefits. For example, if you're talking about the manufacturing sector, we need to look at issues such as the implications for the domestic supply chain, because there can be positive spillover benefits. The degree of innovation involved is also really important. That's one thing that is top of mind for us.

As to your broader question in terms of value for money, that is obviously a top-of-mind issue for us. I referred earlier to the fact that we were created only in 2009, and we're undertaking an evaluation of various programs.

You might be interested, Mr. Chair, that two years ago, despite the fact we were only created in 2009, we released our evaluation of the community futures program to try to determine the impact of the investments made through the various CFDCs. If the committee is interested in this, we will send a copy of it to the clerk.

On top of that, we've completed an evaluation of our programming of our first five-year mandate, which will be released in the coming weeks. If there's an interest, we could also submit a copy of that to the clerk.

The Chair: Thank you very much. If you can send it to the clerk, we'll distribute it to everybody.

That was great. Thank you very much. Those were really good questions.

We'll now go to Mr. Masse.

Mr. Brian Masse (Windsor West, NDP): I'm going to continue with southern Ontario.

From 2013 to 2019, how much do you have for automotive investment in your various programs?

Mr. Alain Beaudoin: Mr. Chair, I referred in my opening remarks to the scope and the breadth of programs we have. We don't have specific amounts of funding allocated to the automotive sector or specific manufacturing sectors. It's based on the various projects and proposals that we receive for funding. I know you're familiar with the other automotive programs. There's the automotive innovation program, and there's also the automotive supplier innovation program, which our colleagues at Innovation, Science and Economic Development are managing. But in the case of the automotive sector, we support a number of projects as well. We tend to focus our investments towards the tier 1 and the tier 2 companies, because the big OEM projects and the other projects are managed by Innovation, Science and Economic Development through the various programs they do have. In some cases we also support commercialization partnerships or through post-secondary institutions. You might be familiar with the McMaster Automotive Resource Centre.

Mr. Masse: Oh yes, I am.

Mr. Alain Beaudoin: But to answer your question, since the creation of the agency, we've invested in 30 projects related to the automotive sector for a total of \$48.5 million, which in return has leveraged close to \$110 million.

• (1620)

Mr. Brian Masse: So you invested \$48 million, and you've leveraged again, sorry?

Mr. Alain Beaudoin: We've leveraged \$109.76 million.

Mr. Brian Masse: Let's take the automotive manufacturing funding of around \$200 million. Has that not been renewed? You said that you had spent a number of dollars on that—around \$95 million, I think is what you said—and then there will be more to come in terms of projects or expenditures. Also, will there be a renewal of the dollars that you put into that fund originally, or what the government of the day, the Conservatives, put into that fund? Will that then be refreshed once those funds have been expended?

Mr. Alain Beaudoin: As to the latter part of the question, it will be at the discretion of the government what they intend to do. For the time being, the advanced manufacturing fund, the \$200 million, the program is still under way. There were two intakes for the program. There was the first intake that closed in October 2014, and a number of projects have been announced since. I referred to five of those, and the last intake, the second intake, closed in October 2015, and we're assessing the various projects and proposals that we've received.

Mr. Brian Masse: As it stands right now, you'll be virtually out of those funds in 2016, and you'll still be running your program till 2019 in terms of your existing mandate. It's to 2019.

Mr. Alain Beaudoin: The various projects will roll out. That was a \$200 million program with two closed intakes, and we're undertaking the assessments of the various proposals as we speak and will put forward some recommendations.

Mr. Brian Masse: However, right now, though, there's around \$95 million gone from the \$200 million fund. You've going to have further expenditures. You said there was more to come. Those funds are gone and you're down to x amount of dollars in the fund till 2019, unless the government refills that fund.

Mr. Alain Beaudoin: The remainder of the funding remains to be committed, remains to be announced, and that funding—

Mr. Brian Masse: I'm sorry to interrupt you, but let's make it simple here. You've got \$200 million in a pot. You just spent \$95 million of it. You've got more commitments that are going to go out the door. The pot's down to whatever...I'm not going to ask, because you have projects that haven't been announced and I understand that there are other partners involved, but that fund is not being renewed back to the \$200 million unless there is an increased budgetary allocation from another budget.

Mr. Alain Beaudoin: With regard to your specific question on that front, I'm not going to speculate as to what the government will do, but with regard to—

Mr. Brian Masse: No, I'm not asking you to speculate. Right now, if the funds runs empty, if you spend it all, there's no new money till 2019.

Mr. Alain Beaudoin: However, we have additional programs, which I referred to, that support the manufacturing sector, and at this stage we are assessing—

Mr. Brian Masse: I don't know how complicated this really is. I'm sorry.

You have a specific designated fund for \$200 million. You're spending money out of it and I just want to know, when you have spent all that money, whether or not we will need another allocation.

Mr. Majid Jowhari: I think it's \$970 million total and the \$200 million is for 2016. That's the way I understood it.

Mr. Alain Beaudoin: The \$920 million is the—

The Chair: Hold on. Let's just try to keep it—

Mr. Brian Masse: Is it the way I'm framing it? I don't know. I'm just trying to see...they've got \$200 million in a special fund.

The Chair: I'm just going to put your time on hold for a second.

Maybe it would be helpful if you just took a minute and explained the overall cost, the program of \$900 and whatever million.... Explain that, and then explain the \$200 million, because I think where Mr. Masse is going is if you spend the \$200 million on manufacturing and somebody comes along with a great idea, is there any money left beyond that, or do we have to wait till 2019?

Is that what you're asking, Mr. Masse?

• (1625)

Mr. Brian Masse: Yes. I'm not asking for funds from other automotive.... This is a specific fund in the file. If they use up the funds, do we need to wait for a further budget allocation for that to be renewed, or is it going to be automatically renewed? I don't know.

The Chair: Or can we take it from the overall \$970 million?

Mr. Alain Beaudoin: My apologies if I wasn't clear.

Mr. Brian Masse: Sorry. I could have been framing it wrong.

Mr. Alain Beaudoin: With regard to the advanced manufacturing fund, as I mentioned earlier, we have a total budget of \$920 million. The advanced manufacturing fund is part of that. The fund has a dedicated amount of \$200 million, which will be sunseting at the same time as the...in March of 2019. We had two intakes, one that closed in October 2014 and a second one that closed in October 2015.

I referred to five projects that have been announced for a total of \$95 million. We're assessing the various projects that we've received. We will put forward some recommendations. That will be at the discretion of the minister. If and when all the funding has been committed, up to \$200 million, then the fund will be maxed out at this stage.

Mr. Brian Masse: Thank you very much.

Mr. Alain Beaudoin: My apologies if I wasn't clear.

Mr. Brian Masse: No, don't apologize. I'd rather sort it out. It's okay.

The Chair: You're good?

Mr. Brian Masse: Yes, we're good.

The Chair: Good, because your time's up.

Voices: Oh, oh!

Mr. Brian Masse: He filibustered me.

Voices: Oh, oh!

An hon. member: Good job.

An hon. member: Welcome to the club.

The Chair: We'll now move over to Mr. Arya.

You have seven minutes.

Mr. Chandra Arya (Nepean, Lib.): I will focus on FedDev for southern Ontario.

Mr. Chair, I should say that I'm very disappointed that the president of FedDev for southern Ontario is not here. This is the biggest regional development agency across Canada. It's bigger than several of them combined. Out of ten members here, five members represent the area covered by FedDev for southern Ontario. Hopefully we will consider inviting her again. Maybe it's to deal with some personal health issues that she is not here. I think we should seriously consider inviting her again. This is with all due respect to Mr. Alain Beaudoin. We had a chat two days back, and I will go along the same lines he and I had talked about.

Ottawa is home to 1,750 knowledge-based companies, more than in Kitchener-Waterloo. Ottawa has the second-largest number of Ph. D.s, scientists, and engineers in all of North America. Ottawa has been, I don't want to use the word "discarded", but almost ignored, as if it does not exist in the books of FedDev for southern Ontario. All of the focus on the GTA and the Kitchener-Waterloo area. In the last six years, Ottawa has received just \$35 million versus the GTA getting around \$350 million, and even Kitchener-Waterloo \$68 million.

Why is Ottawa not considered for funding through your organization?

Mr. Alain Beaudoin: At the outset, as I said in my remarks, the agency is focused on innovation and has a suite of programs meant to support businesses at various stages of their growth. It is also meant to support the innovation ecosystem. I referred to the fact that there are 35 colleges and universities. There are 34,000 establishments. There are a number of companies across the region.

We cover 37 census divisions from west to east and north to south. We receive a lot of requests. We receive a lot of proposals for funding through our various program suites. Our assessment is based on the proposals and the projects that we do receive. It's based on merit and it's based on—

Mr. Chandra Arya: Maybe it's because you are so focused on the Kitchener-Waterloo area and the GTA that you don't have sufficient resources to look at proposals from Ottawa.

I shared these numbers with you well in advance. Can you please send to the committee a regional breakdown of how much is spent in the GTA, Kitchener-Waterloo, and Ottawa? That would be good information for us.

• (1630)

Mr. Alain Beaudoin: We can follow up and provide information. We can send it to the committee.

The Chair: Thank you for that. Send it to the clerk, please.

Mr. Chandra Arya: This is a very big regional development organization: 50% of Canadian employees in the knowledge-based sector are here. Half of the private sector R and D is done here. And still, if my estimation is right, you have just reached, in the last seven years, less than 5% of the manufacturing establishments here. You mentioned that you have funded 2,200 manufacturing projects out of 34,000 manufacturing establishments here.

Should you maybe focus much more on that?

Mr. Alain Beaudoin: Obviously, a lot of companies.... A number of projects that we have funded support specific firms, and a number of them support consortia, partnerships, and collaborations, which may have a greater impact or greater spillover benefits than you might think, especially on the first degree.

I will give you an example. We provided contributions to the Canadian Manufacturers & Exporters, \$20 million to run a program called the SMART program. That program is about providing support to small and medium-sized enterprises in their efforts to increase their adoption of technologies in order to compete, to be productive, and to consolidate and expand their presence in global supply chains or into new markets. That is one thing that we fund, in dealing and working with third-party organizations that have their ears to the ground, have boots on the ground, and work very closely with manufacturing companies throughout the catchment area.

Mr. Chandra Arya: I understand the last date is closed for the Canada 150 community infrastructure program. Do you have any additional funds under that program?

Mr. Alain Beaudoin: How many...?

Mr. Chandra Arya: For the Canada 150 community infrastructure program, you have \$22 million for 2016-17. I think the last date to apply for that program is done. Do you have any additional funding under that?

Mr. Alain Beaudoin: There was a first intake of the Canada 150 program last year. There was another announcement for Canada 150 in budget 2016. The first intake was last year, for \$150 million. FedDev Ontario was allocated \$44 million, starting April 1, 2016, to end March 31, 2018.

Last year, we launched a call for proposals on the intake. We received in excess of 1,100 applications. The allocation of that funding was provided in the summer of 2015. The agency was in a position to support more than 380 projects for a total of \$44.4 million.

Now, Mr. Chair, I referred to the budget 2016 announcement for an additional \$150 million for Canada 150. The agency, along with my colleagues from the regional development agencies, is developing the details for the second intake, and details will be forthcoming.

The Chair: Thank you very much. The time is up.

Mr. Lobb, you have five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): My first question is on FedDev. I remember that a number of years ago, when FedDev was in its infancy, just up and running, one of the things Gary Goodyear used to mention was its low costs of operation and administration in delivering the money. I am wondering if that is still the case. Going forward, is the cost of delivering the dollars at about the same rate, or is there a different experience now?

Ms. Susan Anzolin (Chief Financial Officer, Federal Economic Development Agency for Southern Ontario): The authorities provided by the government to deliver our mandate have basically remained the same, so right now our operating budget to deliver our mandate is around \$25 million, plus the extra for the statutory funds.

•(1635)

Mr. Ben Lobb: With the new minister coming in, many of these programs...the \$900 million-plus over five years.... Even though the government is in the beginning of its mandate—you are not quite mid-mandate, but certainly you are into your mandate—has the new minister instructed you to see what you can do for the last few years leading out and concluding in 2019? Or has the minister instructed you to keep it status quo until 2019, when they can look again at new programs?

Mr. Alain Beaudoin: Some of my colleagues and I alluded earlier to the minister's mandate letter, which has been made public, and the critical role that the regional development agencies play—as the minister has mentioned as well—in supporting the agenda and portfolio of Innovation, Science and Economic Development Canada. We work very closely with one another in supporting the government's agenda and the mandate of the minister.

Obviously, as I alluded earlier, our role at the agency and our programs are aligned toward supporting firms at various stages of their growth, to support firms' ability to scale up, grow, and innovate. That is consistent with the priorities identified in the minister's mandate letter.

Mr. Ben Lobb: Fair enough.

It would be pretty safe to say that from here until 2019, it's not quite going to be exactly status quo, but it will pretty much stay on the direction you're heading.

Mr. Alain Beaudoin: We have our mandate. We continue to assess the various projects and proposals, and we intend to continue supporting innovation and a firm's ability to scale up and to compete.

Mr. Ben Lobb: The next question I have is for Ms. King.

We had the Quebec economic arm in at the last meeting, and we had the western economic arm in, and each one alluded to economic development with indigenous people, which is fantastic. You did as well, in your speech.

Why do you perform that function but the department that is supposed to represent indigenous people doesn't work on economic development? Why is that? Why is it that you have an economic development arm to help those people? Why doesn't the department do that function?

Ms. Janet King: Thank you for the interesting question.

I didn't mention that CanNor was stood up at the same time as FedDev in 2009, and we grew out of the current INAC. At that time, it was decided to take the aboriginal programming that INAC had been delivering and give it to the northern agency that would be rooted, housed, and delivering it in the north. That's where that mandate and the source of funds came from.

Mr. Ben Lobb: With these people, we want to see great success. It doesn't matter what political party we are, we want to see great success and great results.

What can you tell us briefly about some of the results you've seen since it's been split from the department?

Ms. Janet King: The program's good work continues, and we consolidated it. It had been quite fragmented across well-intentioned programs. We had the opportunity to consolidate the objectives, the performance measures, and the guidelines for how we deliver the program.

We have brought a few innovations to it over the last couple of years. For example, knowing that we're limited—we're a small agency across a vast part of Canada—we have established partnerships with aboriginal organizations in each one of the three territories. They sub-deliver our programs and provide community level mentoring and coaching as well. They feed up to us under certain performance measures.

We've been able to broaden the reach and the depth of the program, and we have good performance measures. I forget the exact number, but I mentioned that we measure how sustainable those new enterprises are. It's not just about creating them, because we want them to be sustainable. We have a suite of measures on our website, and I could provide you with further information if you're interested.

The Chair: Thank you very much.

We move to Mr. Longfield. You have five minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you to the witnesses for coming here, and some from a long way away. I appreciate that we only see you for a short period and that there's a lot that goes on before you come here as well. Thanks for preparing the presentations and being here.

I'm going to build a bit on what Mr. Lobb was leaning toward in terms of the north.

This is maybe a very specific application, but as an example, we have a company in Guelph that's developed a water treatment application for the mining industry. It's brand new technology that puts water treatment units into shipping containers, which can then hopefully help first nations. It's located in Guelph, and funding might be coming from Guelph. As one example, this could span both the mining and the aboriginal communities in the north, and also develop jobs in southern Ontario.

On the collaboration, co-operation, and sharing of information, I believe there's a new umbrella unit where you collaborate with each other. Am I mistaken on that?

If I took this opportunity to you through southern Ontario, how could we develop it for the local businesses in the north and in the mining industry?

• (1640)

Ms. Janet King: I'll take a first crack at that.

Yes, we are now under one umbrella under Minister Bains and the Innovation, Science and Economic Development portfolio. It's proving to be tremendously interesting, as we share knowledge practices. Our people work together daily and weekly and are beginning to share knowledge and possibilities.

Right now it still at the creative stages. How are we going to share performance measures? How are we going to share programs? It's at that level. I think we'll be driving toward opportunities such as you described.

With respect to the kinds of projects and our mandate, our practice and policy has been to invest our money in the north. If there were an entrepreneur at the northern end of that, and we could enable that entrepreneur to grow that capacity in the north, that's where we'd be investing and perhaps partnering with others to bring that north.

Mr. Lloyd Longfield: That entrepreneur could be a service provider to maintain equipment or to help with installations and that sort of thing.

Ms. Janet King: That and many more, yes.

Mr. Aime Dimatteo: Mr. Chair, if I might just add also, we work quite collaboratively with FedDev and, in relation to the example that you've given, if there were benefits accruing to our communities in northern Ontario, we would probably be interested if there was a role for FedNor to play in helping to fund a project of that nature. We would automatically do so.

We have funded projects with universities in southern Ontario that are doing innovative technology improvements that we know will benefit our communities and our businesses. It behooves us to be as co-operative as we can and look for the best outcome for all of the stakeholders and constituents that we all serve.

Mr. Lloyd Longfield: Super. That's exciting.

We'll be taking that offline, I can almost guarantee you, because that's one I'd like to continue with. We have a similar company that's putting solar panels onto shipping containers and creating electricity for remote locations.

Clean technology development is something very big in my area, and we look towards your support to be able to roll some of that out. The water consortium's also a fabulous resource for us to be using.

On the domestic supply chain you mentioned and how we could tie these types of opportunities together, is there some type of a coordinating role within the umbrella group or is that something that we just deal with our local agency about to be able to take that on?

Mr. Paul Halucha (Associate Assistant Deputy Minister, Strategic Policy Sector, Department of Industry): The minister had the opportunity to appear before the committee, I think a week ago, and he talked about the new opportunity to leverage or multiply the activities of the regional development agencies by bringing them together. That's really the vision on this.

I'll just note a couple of things. The allocation of money hasn't changed. You're not going to see money from northern Ontario being spent in the south or vice versa. That's not going to happen. The terms and conditions that permit funding to be allocated in a way that meets the regional needs and the different economic regional variability across the country doesn't change either.

What does change is exactly as you indicated. In areas like clean tech, for example, the budget announced a \$100 million target for clean tech, to which all of the RDAs are to collectively contribute. That represents roughly a doubling of what was contributed before. That kind of opportunity to leverage and bring them together to contribute almost a \$1 billion a year in funding to achieve and deliver on national priorities is what the government's vision is behind bringing the RDAs together and why Minister Bains is linking them as a key instrument in the context of the innovation agenda.

• (1645)

The Chair: We now go to Mr. Dreeshen. You've got five minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you to all of our witnesses for being here today. It's good to get this geography lesson as we find out about southern Ontario and northern Ontario. I must say that coming from Alberta, when people used to tell me some of the places they say are in northern Ontario, to us that's Idaho.

Voices: Oh, oh!

Mr. Earl Dreeshen: Truly, to speak to those who are responsible for north of 60, I think you have such great responsibilities there. A number of years ago I had an opportunity to go with Aboriginal Affairs and Northern Development for a study there dealing with barriers to northern development. We saw some amazing things and some amazing people.

When you mention that 92% of the businesses there are successful, I can see why, because, as I would tell people, some of the folks who are there would make great CEOs no matter where they were. They certainly understand the land and the things that are necessary. You've done a great job helping bring all of that together. I'm extremely pleased to see that.

One other aspect of it that I want to ask about, which I don't see in the main estimates, is the Northern Projects Management Office. Where would one see that and find out what is happening there?

The other question on the main estimates, of course, has to do with advancing adult basic education in Canada's territories. We see part of it, but we really don't know where it's going as we look at table one on the actual expenditures.

To get to the northern projects, one of the things, Ms. King, you mentioned was how important it was. It was established in 2010. A key part of this was improving the environmental review process for proposed major resource development. This was an initiative of the previous government, to make sure that there was a strong and rigorous environmental review that could be respected. Again, as you indicated, it gave the advice, the issues' management, the transparency, and predictability so businesses could go in there and flourish.

I wonder if you could first of all tell me something about the Northern Projects Management Office and the significance of the great work it did on environmental issues. Where should I be looking in these sheets, meaning table one of the actual expenditures and appropriations through CanNor? Then, could you just quickly speak to the advancing of adult basic education in the territories.

Ms. Janet King: Perhaps I could begin on the descriptive front. The Northern Projects Management Office, I would say, is now established. It was brand new in 2010, built in 2011, and has been proving itself and building its clientele and its results since that time. To characterize it, it is about 10 people distributed across the north, headquartered in Yellowknife. Its mandate is to facilitate and coordinate federal participation in environmental assessment reviews in the four environmental assessment processes across the north. They do that effectively, with objectivity, timeliness, transparency, and clarity. We are pleased to say that all the reviews to date have been timely. We get substantive feedback that it's transparent from private sector, aboriginal, and territorial stakeholders. They have great confidence in it. I think that is an accomplishment.

Recently, they've gone beyond that. They are pathfinders and issue solvers as well. Rooted in the communities, working closely with either the infrastructure or resources that are going through environmental assessment, they help take issues apart and move things forward. They've established a new practice in the last couple of years that moves engagement ahead of the environmental assessment process in regional advisory groups. If a project is looming, and the community is interested, and territorial governments are considering how to participate or what the objectives should be, they pull people together in an advisory group that pre-assesses the assessment. What are the issues going to be? It builds relationships, it builds trust, and it builds communication.

I would like to point out that in the north the regulatory regimes aren't environmental only. They assess environmental, social, and

economic impacts. The aboriginal people are co-decision-makers. Our office is able to pull that all together before going into the process, thereby building confidence, and that contributes to the timeliness.

• (1650)

Mr. Earl Dreeshen: I'm done, unless you have time to talk about education.

The Chair: We have time if we're going to do a second round.

Mr. Baylis.

Mr. Frank Baylis (Pierrefonds—Dollard, Lib.): Thank you for being here. I ask the tough questions, by the way. No, I'm just kidding.

For FedNor, you mentioned in your presentation that there are opportunities for advancing innovation clusters. Can you speak a bit about that?

Mr. Aime Dimatteo: Absolutely. We are working right now on two great health innovation opportunities. One is called the Thunder Bay Regional Research Institute, and it is home to one of the eight cyclotrons across Canada. It has recently received its licence to not only produce isotopes, but also to sell isotopes in non-health form. Private sector companies are now coming to them and saying, "You have a regional strength here in developing these opportunities and working with us to continue research and development in that health field".

In Sudbury, we have the Advanced Medical Research Institute of Canada, which has been focused on vaccine-related activities. It is attracting a lot of interest from private sector companies and is spinning off business opportunities. The importance of that is that the spin-off opportunities are happening in northern Ontario in these technology clusters.

We're certainly building on the success of the Centre for Excellence in Mining, which started very small with companies back when Vale was Inco and companies were just providing services to the local or regional mining activities. That has grown to become world class, and is leading technology development for mining across the world. We've built on those experiences. We don't just throw money on the table, saying, "Here is the cluster, let's build it". It has to be led by the private sector in partnership with strong research. In both of these cases, we have the universities. We have four universities in northern Ontario. The two main universities are key, along with the hospitals and other entities and municipalities, all partnering to grow those opportunities.

Mr. Frank Baylis: Thank you, that makes good sense.

Now, Ms. King, I'll let you finish what I think you wanted to say about the northern adult education program.

Ms. Janet King: CanNor has been delivering this particular program, northern adult basic education program, for the last four years. There are three colleges in the north, one in each territory, and the program was designed to work with each one of the colleges to build its curriculum capacity and delivery capability to be targeted at northern adult basic education, at those typically young but sometimes older adults who left too early to get the education requirements to join the workforce. It's very targeted at that cohort. Because we worked through the colleges, they were able to distribute that across the communities of the north as well.

We're actually doing a concluding evaluation within a month or so that will lay out the reach, the students, and all of the assessments one would care to look at.

Mr. Frank Baylis: That's to show the impact of that.

Ms. Janet King: Right. The colleges themselves were tracking the impact from their perspective, and we're very pleased with the results.

Mr. Frank Baylis: To date you're pleased, and I notice that it's being renewed for one year, but according to your initial experience, it's something that should be considered heavily. Is that right?

Ms. Janet King: It was very positive. We are working with the colleges as they build a vision for what would be the next step in training and skills development from a post-secondary perspective again across the three territories. That's what we're working on this year with that one-year extension.

Mr. Frank Baylis: You have that extension, and that's going to give you time to build what we call the performance indicators to show that this was a solid program that should be continued.

Ms. Janet King: We're actually completing the evaluation on existing money, so the go-forward money is largely for working with the territorial colleges to create a business case for whatever comes next.

• (1655)

Mr. Frank Baylis: Chair, do I have any time left?

The Chair: You have one minute left.

Hon. Ginette Petitpas Taylor (Moncton—Riverview—Dieppe, Lib.): Do you want to share your time?

Mr. Frank Baylis: I think I just did.

Hon. Ginette Petitpas Taylor: I'm new at this committee. It's my first time here today.

During your presentations, several of you talked about diversifying the economic opportunities in your area, and I'm just wondering if you would be able to elaborate on the growing opportunities for tourism in your area.

Ms. Janet King: I'll start, and I'll try to be brief. Tourism, as you can imagine, is a substantive interest for cultural, geographic, and subsistence reasons across the north.

We invest quite heavily in tourism, again typically in partnership with the territories, often marketing their assets. We also work in community infrastructure, which could be a tourist attraction, and to help build skills and capacity around that. We have a range of investment in tourism in each of the three territories.

Mr. Aime Dimatteo: From FedNor's perspective, we've invested well in excess of \$70 million over the last 10 years in support of some 470 different types of tourism projects whether they be waterfront developments, downtown revitalization, tourist attractions, or events that are attracting tourists to stay and play longer in northern Ontario.

The Chair: To finish off this round, Cheryl, you have two minutes.

Ms. Cheryl Hardcastle (Windsor—Tecumseh, NDP): Thank you very much. I'm very pleased to be here. You can probably tell this is my first time here too, so I'm catching up on my notes.

I'm from the riding of Windsor—Tecumseh, which is right next to the riding of Windsor West. I have a portion of Essex County as part of my riding.

We're very interested in innovation. I know you hear a lot about the automotive sector, but historically—and I'm going back to the 1970s—research was always something the government had prioritized. We worked in collaboration on both sides of the river. I remember when I was in high school in the 1970s. In Pontiac, Michigan, all the researchers came together with funding, and they were working on improving batteries.

My point is that you always have to have the next big thing, so I'm glad to see that research is a big part of the mandate. That's something we can't underestimate.

All I wanted to do was to ask you a little bit about some of the challenges we still have in our area, which were mentioned in I believe the comments from Alain. There is competition from emerging markets. I wondered if you could explain a little bit or describe a little bit what those markets are.

The Chair: You've got 30 seconds.

Mr. Alain Beaudoin: You talked about challenges facing the businesses from that perspective, including competition from around the world—emerging markets as well—and opportunities for farms to build and become more competitive in leveraging their capacity. You talked about research.

In Windsor we've worked with the local community and the key stakeholders to try to build and leverage their comparative advantages.

You might be familiar with the Institute for Border Logistics and Security, which is trying to bring the key economic players around the region to leverage the comparative advantage that the Windsor region has to support firms' ability to be more successful in tapping into existing markets, such as the United States, but also emerging markets, to ensure that they become more efficient in tapping into those new markets or supply chains.

The Chair: We have enough time to do one round of three questions. We're going to split it evenly. We're going to have six minutes, six minutes, and the NDP will have six minutes.

Mr. Longfield.

• (1700)

Mr. Lloyd Longfield: Thank you, Mr. Chair. You're very generous.

The Chair: I know I am.

Mr. Lloyd Longfield: It shows how efficiently these answers are coming out as well. Thank you to the witnesses again.

I'm a past mentor at Innovation Guelph, an organization that I worked on developing and that also received some FedDev funding well after I was gone—no conflict. Bioenterprise also received some funding.

I experienced the application process working with FedDev in the early stages. It was very difficult for businesses to navigate. Industry supports the application process, so most of the time businesses in our area were getting other companies to do their applications for them.

I haven't been involved for a few years, but has there been an evolution of the application process, or is that a concern you're working on? Could you elaborate on the application process? A lot of funding goes to people writing applications versus doing innovation.

Mr. Alain Beaudoin: We always try to make life easier for the various proponents in the projects coming forward. This is why we always encourage the various proponents to engage with the officers and the managers at the outset before submitting a proposal, to make sure they have a better understanding of the various eligibility criteria and information they need to put forward.

Our experience has always been that it's always more successful to have that dialogue when there's engagement at the outset. That said, we're mindful of the fact that it could be challenging at times, and we're always striving to increase and improve our effectiveness.

Earlier our colleagues referred to the fact that we're all under the same portfolio, under Minister Bains and Innovation, Science and Economic Development. We intend to compare notes and share best practices as to how we can serve the various stakeholders and proponents more effectively as they engage with the government.

Mr. Lloyd Longfield: Thank you.

The Chair: Is there anything else?

Mr. Aime Dimatteo: Mr. Chair, three things related to your question come to mind from our perspective. First, as Alain said, we've written the criteria for the program in layman's language. It has to be easy to understand as a starting point.

Second, we are engaged with all our stakeholders right from the get-go. All the staff of FedNor are in northern Ontario in the field and we know our stakeholders intimately. We provide as much advice as we can informally before they even begin the application process.

Third, we've learned from the private sector in particular that time is money. The application processes were taking too long, so we've developed a two-stage application process. Within two pages, six questions, we can tell you whether we think you're eligible or not before we ask you to do any heavy lifting, like starting to develop a business plan and spending money.

That two-stage process is proving very successful, and we're hearing very positively from the client group that it is saving both time and money from their perspectives.

Mr. Lloyd Longfield: It will definitely help us to know those things going forward, so thank you.

In terms of the application process, then, we had federal and provincial funds going into some of the projects. Sometimes municipalities had to be involved. With water treatment plants, you had to go through municipalities. Also, coordinating the different levels of government became very complicated.

At the end of the review process, sometimes we just got a “no”, a mysterious no; you've had eight meetings, you've gone through all of this effort, and you're left hanging. People were saying that it was just a political process, that they were in the wrong riding. Without having a really firm “this is why your application was denied”, they would have different reasons for us having a failure

Is there some type of a file closure system that's better than just leaving people guessing that it's a political decision that's being made?

Mr. Aime Dimatteo: I can tell you on behalf of FedNor that, as a practice, any project that is rejected gets a very meaningful letter advising what the rationale was by which the project was rejected, because sometimes we misunderstand the project, or sometimes a proponent says to us that they misrepresented what they really wanted to do. It provides for an appeal mechanism. They just don't get told “we regret to advise you, have a nice day, and goodbye...”. They get told why we made the decision that we did.

Mr. Lloyd Longfield: Mr. Beaudoin, is that happening in Waterloo?

Mr. Alain Beaudoin: Thank you for your question.

In our case, as Aime mentioned at the outset, we're trying to work with the stakeholders to make sure that we can demystify the process and, to start with, answer the basic questions.

I referred to the eligibility criteria and the guidelines. In our case, all of these are made public. They're very clear as to what we're expecting in terms of providing information along those lines to make sure the proponents have clarity and transparency as to what is being requested.

● (1705)

Mr. Lloyd Longfield: Thank you.

The Chair: You have 30 seconds.

Mr. Lloyd Longfield: On that follow-up report, if I had had that in my hands, sometimes that would have helped me go back to the clients. We were being funded by IRAP to do some of the work of identifying business development and then bringing in FedDev. Coordinating with the federal, provincial, and municipal levels was one thing, but using agencies such as Bioenterprise, which you're doing, makes a lot of sense. It's money well spent, but it's that tie-up to learning, and if it was a no, why it was a no, that would be very helpful.

Mr. Alain Beaudoin: I don't have any information as to the particular case you're referring to, but one other thing we're trying to do is work very closely with the various partners, especially when they're all involved in a specific project. We will take good note of your feedback around this table.

The Chair: Thank you very much.

Mr. Dreeshen, you have six minutes.

Mr. Earl Dreeshen: As Mr. Longfield has said, it's good to know that there hasn't been any political interference in any way in any of the application processes. We recognize that, and we appreciate the work you do on behalf of taxpayers to make sure that projects are done based on merit.

I should also thank Mr. Baylis for allowing us to get the answer to the education piece that I asked about earlier.

Going back to one of our other tables, this point has to do with the certification and market access program for seals, the \$63,000 in the main estimates that we are taking a look at. I'm interested in where this is going and if there's any way that this is tied into or in conjunction with any indigenous hunting.

I understand the relationships that exist there. I understand how food security is still a chief concern for remote northern communities. There's also this basic discussion about northern greenhouses, which of course is good, but when you're in the territories, you realize that there's something else that is very critical, and that is their hunting, fishing, and trapping businesses.

I'm curious to know if you can expand on that somewhat, so that for those of us who don't live in the north, we can recognize what the realities are and the things we can do to make sure that we ensure their ways of life.

Ms. Janet King: Yes. I'll be brief.

Yes, absolutely, seal hunting is a critical aspect of sustenance in many communities, particularly in the Inuit part of the north, the marine Inuit part of the north. It has been an ongoing source of food, clothing, and so on, and it is now a source of other kinds of local arts and crafts as well, which we support.

The certification and market access program for seals arose from Canada's response to the EU ban on seal products and, following the resolution of that issue, how to enable indigenous peoples, in the north in particular, to re-access that market. We partner with the Government of Nunavut, and the \$63,000 goes to working with the indigenous hunters and craftspeople to be able to be better positioned to market, distribute, and promote these goods, particularly into the EU market. It has a broader impact than that, though, we're pleased to note.

Mr. Earl Dreeshen: Could you comment on what's involved with the northern greenhouse initiative?

Ms. Janet King: The northern greenhouse initiative was launched in summer 2014. It was actually CanNor's first effort as a new agency at an expression of interest, at trying to find out what technology interests were out there, in which we could invest to move greenhouse technology further along the line to commercialization while contributing to food security across the north. I'm pleased to say that we raised all kinds of interest and invested in quite a diverse suite of either very local or more, shall we say, structured approaches to furthering greenhouse technology in the north.

We've essentially completed the objectives of that program. It doesn't mean we'll stop investing in greenhouses. That's now embedded in our broad programming.

● (1710)

Mr. Earl Dreeshen: Then, to the same point, you do have a budget for the next few years, so would you be looking at whether this would be part of your strategic investments in the northern economic development program, so there's a chance that it could tie into that as well?

Ms. Janet King: Certainly, yes. It would be.

Mr. Earl Dreeshen: Great. Thank you.

Perhaps Mr. Lobb has a question.

The Chair: You have two minutes.

Mr. Ben Lobb: My question is on community futures. I know there's been a lot of work and review through the years on community futures. I know that in my area we have three community futures offices that span three different counties. Going forward, could you just highlight, maybe in a minute, some of the great opportunities for community futures to grow our areas?

Mr. Alain Beaudoin: As you know really well, the community futures development corporations all have different strategic plans and different priorities. We're trying to work very closely with them, to enable and empower them through our annual funding, to support their undertakings and their efforts from that perspective. We see this as an opportunity. There's an opportunity as well for us as a federal family, and also by working with the provincial government, to try to do a better job in connecting the communities and the various regions with the various tools and instruments from within the Government of Canada. For example, in the last year we've been working very closely with the BDC to try to increase the relationship and the partnership with the various CFDCs and the BDC, in order to make sure there's better collaboration and partnership among the various organizations, so the communities are in a better position to leverage the various programs, the various funding opportunities, and the various tools the BDC has to offer.

The Chair: Okay. That was nice.

Finally, Ms. Hardcastle, you have six minutes.

Ms. Cheryl Hardcastle: I was just interested in hearing a bit more about the lack of access to risk capital. I don't know if there is a then and now, or if you have some insights. If those have been identified, what's the game plan? I ask because it's a big issue. Why, as compared to when...? Do you have any observations to make generally about that?

Mr. Aime Dimatteo: I'll start taking a first shot at it. Clearly, in the jurisdiction that FedNor serves, we don't have the traditional lenders in all of our small communities. Therefore, CFDCs—and Alain was referring to their mandate—play an extremely important role in providing higher risk capital to small and medium-sized enterprises in the regions they serve. They do so, however, in partnership with BDC. Wherever they can, they do so in partnership with the banks. We hear all too often from the traditional lenders that it's a great project, but it's in the wrong direction, that the risk is too high and they won't approve it.

When a CFDC provides that assistance, or FedNor through its own private sector programming, then the loan, particularly from the CFDCs, becomes bankable. They then sell the deal to the banks, which is our way of trying to attract the banking community back into making loans in our small communities in northern Ontario—for small SMEs they would otherwise never consider.

Mr. Alain Beaudoin: To supplement what Aime was talking about in terms of financing on top of that provided by the CFDCs, access to capital is key for a firm's ability to grow and to scale up.

We have a program within the agency that is called investing in business innovation. On one end, the program supports early stage companies and provides them with access to capital. One of the conditions of the program is to ensure that those companies come forward with matching funds from angel investors or venture capitalists. It allows that firm to leverage additional funding from private investors to provide them with more capital to support their growth and their ability to scale up. In that case, for example, it could be to support a firm's ability to put forward a marketing strategy and an expansion in very specific markets.

What we've done as well is to work with the various angel organizations, such as NACO, the National Angel Corporation Organization, to try to find ways in which they could increase their membership or their capacity to find and accredit professional angel investors to have more capital available in the market. Providing support to NACO has allowed them to increase the number of accredited members they have who are now professional accredited angel investors, which in return allows them to increase the amount of angel capital available for the market and for those firms.

• (1715)

Ms. Cheryl Hardcastle: If I understand you correctly, then, the lack of access is because these private investors aren't willing... whether they're angels or not. That's why there's a lack of access.

I'm just going by lack of access to risk capital, as compared to when? Why is there a lack now?

Mr. Paul Halucha: That's a challenge that faces a number of economies.

In terms of Canada, we're a small market. Attracting capital is often a challenge for businesses in the same way that attracting skilled talent is a challenge. The government has created a fund through the Department of Finance, I believe, at around \$60 million to make more venture capital available to the private sector. However, I don't think there will ever be an instance where you have enough venture capital in the marketplace; I think it's simply a challenge that you continue to work on, the same as it is with having enough talented employees.

Where it has become critical, and where the innovation agenda the minister has focused on tackling, is around firms that are aiming to commercialize.

If you look at the record, because we create a lot of start-ups, the challenge is having those firms grow up. That's where the government has been signalling that there's going to be an enhanced partnership between government and the private sector, to enable those firms to grow. I believe the budget set a target of supporting 1,000 high-growth firms. That is an area where we share the diagnostic that you've raised today, and it's going to be a core element of the agenda going forward,

The Chair: Thank you very much.

That takes us to the conclusion. I'd like to thank all of our guests today.

[*Translation*]

Your input is very much appreciated.

[*English*]

We're going to suspend while we clear the room. Then we'll come back for our last 15 minutes in camera.

[*Proceedings continue in camera*]

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