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—
Chair

The Honourable Wayne Easter

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• (1535)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We'll call the meeting to order.

My apologies, witnesses. What we were discussing is that due to the votes tonight, we will try to cut at least the last two panels back to 45 minutes. We'll see what we do with the second panel, which is from WED, and whether or not they're here in time.

With that, I welcome the representatives from the Federal Economic Development Agency for Southern Ontario. As you know, we've invited you before the committee because, pursuant to Standing Order 83(1), we are doing pre-budget consultations in advance of the 2017 budget. Our major theme is how to achieve better economic growth in Canada, and the economic development agencies are a fundamental part of that. I welcome Nancy Horsman, president, and the other representatives.

The floor is yours. Then we'll go to questions.

[Translation]

Ms. Nancy Horsman (President, Federal Economic Development Agency for Southern Ontario): Good afternoon, Mr. Chair and committee members.

First, thank you for inviting us to appear before you today on behalf of the Federal Economic Development Agency for Southern Ontario, more commonly known as FedDev Ontario.

My name is Nancy Horsman; I am the president of the agency. I am accompanied by my colleagues Alain Beaudoin, vice-president of Policy, Performance and Partnership Management, and Frank Lofranco, vice-president of Business, Innovation and Community Development.

[English]

FedDev Ontario was created in 2009 with a five-year mandate to respond to the effects of the global economic downturn in southern Ontario. In budget 2013 the agency was renewed for a further five-year mandate, which ends at the end of March 2019. FedDev Ontario is headquartered in Waterloo, with offices across the region in Ottawa, Toronto, and Peterborough, and it employs approximately 230 full-time equivalent staff.

Southern Ontario is a unique region and a key contributor to the Canadian economy. The region is home to approximately a third of Canada's population and accounts for more than a third of national employment, gross domestic product, and exports. Southern Ontario is also home to key clusters, including automotive, finance,

information, and communications technology, and life sciences, and many of these are supported by incubators and accelerators.

Ontario is Canada's research and development engine. Nearly half of all Canadian private sector R and D is performed in Ontario. Ontario also has the highest rate of university education attainment in the country and the largest number of colleges and universities.

• (1540)

[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 manufacturing and automotive sectors, are in transition.

And while economic conditions in the region have improved in recent years, ongoing challenges remain.

[English]

FedDev Ontario's programs and services are meant to leverage the region's competitive advantages to address these challenges. Our core mandate is to strengthen southern Ontario's economic capacity for innovation, entrepreneurship, and collaboration, and to promote the development of a strong and diversified southern Ontario economy.

[Translation]

Our programs and services are well positioned to support the Government of Canada's priorities, including Canada's innovation agenda, and to support communities in transition. FedDev Ontario is working to help partners in the region to drive economic growth; support firms' ability to adapt, become more productive and access new markets; and invest in projects that create good, well-paying jobs.

[English]

In delivering on its mandate, FedDev Ontario plays a number of key roles. We fund targeted projects, along with other partners, to stimulate the Ontario 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 performance of the Ontario economy, playing a convenor role. Finally, we act as a champion for the region of southern Ontario.

We were provided a budget of \$920 million over our current five-year mandate to carry out these roles. The agency's core programs are the southern Ontario prosperity initiatives, the advanced manufacturing fund, and the eastern Ontario development program, each of which I will explain briefly.

The southern Ontario prosperity initiatives include four initiatives that cover a range of business needs in the region.

Through the investing in business innovation initiative, the agency supports early-stage companies in areas such as access to capital, mentorship, and work with incubators. Through the investing in business growth and productivity initiative, the agency helps small and medium-sized enterprises scale up capacity, access export markets, and adopt technology to become more productive.

Through the investing in commercialization partnerships initiative, the agency invests in projects that strengthen clusters and/or create innovation, always with the goal of commercializing new technologies or processes. Through the investing in regional diversification initiative, the agency supports communities to leverage their unique assets, diversify their economies, improve competitiveness, and attract investment and jobs.

[Translation]

The advanced manufacturing fund helps manufacturers adopt cutting-edge technologies which strengthen their position in global supply chains.

To serve the ongoing economic challenges of youth exodus 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.

[English]

FedDev 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.

The community futures program helps the small businesses that are the cornerstone of our rural communities to seize opportunity and expand through access to loans, training, and networks.

The economic development initiative focuses on strengthening innovation, entrepreneurship, partnerships, and diversification of economic activities in official language minority communities. In southern Ontario, the EDI program is designed to meet the needs of Ontario's francophone communities.

The Canada 150 community infrastructure program is being delivered by regional development agencies across the country to celebrate the 150th anniversary of Canada's Confederation in 2017. This national program supports the rehabilitation or improvement of existing community infrastructure. This includes projects that support indigenous communities and that promote a clean growth economy. FedDev Ontario is delivering \$88.8 million of CIP 150 funding in southern Ontario.

FedDev Ontario also delivers business-related services through industrial and technological benefits activities and Canada Business Ontario, or CBO, which is part of the Canada Business Network.

FedDev Ontario provides support to the southern Ontario aerospace and defence sector and facilitates participation in Canadian defence and security procurement by leveraging opportunities under the industrial and technological benefits policy.

Canada Business Ontario provides information through its online, contact centre, and outreach activities to people across Ontario on how to start, manage, and grow a business.

• (1545)

[Translation]

FedDev Ontario's contribution to achieving positive economic outcomes is realized not only through co-investing in projects and delivering services, but also through acting as a convenor and champion for the region.

The agency convenes key regional players to seek a common vision and encourage the development of coordinated plans. We actively promote the assets in the region. The agency also provides regional intelligence by playing a role as the bridge to and from Ottawa.

[English]

Since its creation in August 2009, FedDev Ontario has committed more than \$1.6 billion, which is estimated to have resulted in more than \$2.4 billion in additional leveraged funds. This includes more than 325 projects with small and medium-sized enterprises, more than 50 projects with incubators and accelerators, and more than 200 projects with manufacturers. Those are just our direct investments. We also do investments through third-party delivery with the Canadian Manufacturers and Exporters and the Yves Landry Foundation.

This fiscal year, FedDev Ontario is on track to fully spend its allocated program funding of \$227.7 million, using \$25.7 million of operating funding. For the remainder of our mandate, the agency will continue to assess proposals, deliver programs, and monitor and measure performance of its portfolio of investments. We will continue to provide business-related services and act as a convenor and champion while planning for the renewal of our mandate.

[Translation]

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

My colleagues and I welcome any questions you may have.

[English]

The Chair: Thank you, Ms. Horsman.

To save me Googling it, what is the Yves Landry Foundation? I haven't heard of it before, to be honest.

Mr. Alain Beaudoin (Vice-President, Policy, Partnership and Performance Management, Federal Economic Development Agency for Southern Ontario): Thank you for the question, Mr. Chair.

It's a not-for-profit organization that is working very closely with manufacturing companies to support their efforts to train and retrain their employees when they're adopting new technologies or new processes and when they're investing in machinery and equipment. Essentially, it tries to support their efforts to better integrate and to increase their productivity and competitiveness.

The Chair: Thank you very much.

Turning to five-minute rounds, we have Ms. O'Connell first.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Thank you, Mr. Chair.

Thank you for your presentation.

I understand the role you play in terms of working with companies and individuals to innovate, but when you see impediments to that innovation, do you also speak to the government or the minister about those impediments? I'll give you an example.

In Pickering, my riding, we have employment land just north of Highway 407. It's certainly not rural. It's not developed yet. The lands are provincially owned. They're on the market for sale and designated as employment lands. We can't get Internet there. How innovative can we be and how many jobs can we create when we can't get Internet north of the 407? Anybody from Ontario knows that this certainly is not a rural community, let alone the rural portion of my riding.

Do you advocate, when you see these types of impediments, for something like that?

• (1550)

Ms. Nancy Horsman: Our role, as I said, is to encourage entrepreneurship and innovation and to promote a diversified and strong southern Ontario economy. Our focus in terms of our programming is really on innovation, on increasing the productivity of companies, helping companies to scale up, building and strengthening clusters or areas of innovation, creating and convening collaborations or partnerships among universities, research institutions, and business, and creating those knowledge spillovers and benefits that come from the collaborations.

We do keep in very close contact with the minister and the minister's office on what's going on with our programming in the area and what's going on in the region. Our efforts are very much project based, so we help companies that are, for example, undertaking to expand a plant, get a new product to market, or commercialize a new idea.

Ms. Jennifer O'Connell: In regard to priorities on diversification, do you have priorities in the field of Ontario agriculture? Specifically, do you cut out any portion of your budget for projects or opportunities for agriculture?

Again, in the area I am from, for many farmers it is much more lucrative to sell their land to developers for home development in the GTA than to farm it, especially when some of these lands.... Again, it's passing down through generations. What support is there when farmers or their families want to take it on? Maybe they need new equipment, but instead of investing in that equipment they decide just to sell the land, in many cases for millions of dollars. If there's something available to encourage them and to help and support them to expand their operation, that might make the difference in losing that land forever.

Ms. Nancy Horsman: We do have a role in terms of regional diversification. We have a program called "investing in regional diversification", which would be much more focused on projects that are brought forward to us by potential recipients, projects that would have to do with creating innovation and creating productivity.

We also invest in the community futures development corporations, which are there basically to support rural communities. They do business supports. They have an investment fund that they can use to lend to businesses in the region. As well, they provide other business supports, such as mentorship and networking and that kind of thing.

Ms. Jennifer O'Connell: Thank you.

I appreciate that these programs exist, but my question was much more around your goals and objectives. If you have a goal and objective for agriculture, for example, as part of diversification, and not just for manufacturing in Ontario, then it's much more than program based. You'd be going out seeking opportunities and looking for these connections, versus waiting for projects to come in.

Frankly, farmers probably don't think about FedDev and what opportunities exist there. That's not the natural connection. I guess I'm looking more for.... Perhaps you can provide it to us later, because I'm sure I'm almost out of time—

The Chair: You are.

Ms. Jennifer O'Connell: —but what are those tangible results in terms of goals and strategies instead of waiting for project-based applications?

The Chair: Go ahead. A short answer would be good, Nancy.

Ms. Nancy Horsman: I was going to add that FedDev Ontario is one of many players in the region. There's the Ontario government and there are also a number of federal players that support the region as well as the entire country. Our interest is in southern Ontario. There are the Community Business Development Corporations and the Export Development corporation, and there's the Department of Innovation, Science and Economic Development. There are many other players.

I think you asked where people can go to find out what programs are available. That is an issue that I think we're all trying to grapple with. We have something called the Canada Business office for Canadians who are interested in starting a business or need help with their business. There's a pathfinding service available to them through that service, not just with federal programming, but also with Ontario programming.

• (1555)

The Chair: Thank you, Ms. Horsman.

Ms. Raitt, you have five minutes.

Hon. Lisa Raitt (Milton, CPC): Thank you very much.

I'm wondering if you're able to tell me how many applications you receive in a year for various programs. What's the ballpark? I'd like to know what your percentage of approval is, based on the total number of applications that come in.

Ms. Nancy Horsman: In terms of the Canada 150 program, we had over 1,000 applications in the first intake and over 1,000 applications in the second.

In the first intake, 380 of the projects were funded. Some of those applications were not necessarily eligible. We don't have the number with us, but that's something we could follow up on and provide to the committee. There's much more demand than what we are able to fund.

Hon. Lisa Raitt: I'll tell you why I'm asking, and it's not about your entity, but about what's happening on the outside. I'm going to bring it to your attention, and I'd like you to tell me if you know anything about this situation in Ontario.

There is a company situated in Cambridge, Ontario, that is called "Mentor Works". Mentor Works advertises on its website that it can help companies obtain Canadian government funding and has a 95% rate of success. Now, you've just told me that these guys get 30%. They say in their website that they're able to do this in part because they have close relationships with funding body representatives. Finally, it's a former FedDev Ontario employee from three years ago who is the business development executive there.

Can you tell me what safeguards you have in place to ensure we don't have a situation where companies can sell close relationships with a federal funding authority and brag that they have a 95% rate of success?

Ms. Nancy Horsman: I am not aware of Mentor Works. When we have a funding relationship with an applicant, it may be even before the application is finalized. We are working closely with those recipients. We're not working through a third party, and I can absolutely say that: we are working with the recipients themselves.

We spend a lot of time ensuring that on our website the terms and conditions and the application guidelines are very clear and transparent, and we do keep them as simple as possible so that applicants don't need help to do this. If they do want help, they can come to us. We have program officers that are available and work with the potential recipients.

Hon. Lisa Raitt: It is of concern, obviously, because by saying that they have a 95% success rate, they're marketing themselves as the way in which to obtain funding from FedDev specifically, because they're located in Cambridge, which is right next to Waterloo, and the people who work there live in Waterloo and Guelph.

I would give it to you for consideration. You have notice of it. It is a website that's live. I would hate to see a situation where Canadian businesses are being set up in order to ensure their clients get greater access than anybody else—and a paid service. As long as you're aware of it, and you're putting in place what you need to do....

As well, I would note once again that it's a former FedDev Ontario employee advertising that they're a former FedDev Ontario employee and, bragging about close relationships with funding body representatives. This is a real issue, and you really have to look into this and get a handle on it.

That's it for me.

• (1600)

The Chair: That's noted. Thank you very much.

Mr. Caron, you have five minutes.

[*Translation*]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you very much, Mr. Chair.

My thanks to the witnesses for their presentation.

I like to look at the plans and priorities before the presentations. As I'm looking at the ones for FedDev Ontario, I am wondering how you are coping with the changes in the various budgets allocated to you.

For instance, under the various components for technological innovation, in 2013-14, the expenditures—which are part of the budget—of about \$56 million went down to \$10 million for the year 2014-15. Then they went up to about \$70 million for 2015-16, and then to \$81 million. Those are substantial changes to the budgets for technological innovation.

There are also quite significant changes to the budget for community economic development, which are largely because of the Canada 150 community infrastructure program, CIP 150.

What is the reason for the overall variations, particularly for innovation? How is FedDev Ontario dealing with those significant fluctuations?

Mr. Alain Beaudoin: Thank you for the question.

I would like to provide the following explanation about the fluctuations that you mentioned.

Those fluctuations are also a representation of the funding that the agency received. In her remarks, the president mentioned at the outset that we are now halfway through our second five-year mandate. The 2013-14 reference year is the last year of our first five-year mandate. At the end of the mandate, the expenditures for technology and innovation were higher.

As for 2014-15, the amounts you are referring to further reflect that it was the first year of our second five-year mandate. In addition, we had launched new programs with a stronger focus on innovation. At the time, our programs had been recalibrated following the consultations that we held with the various stakeholders. So we are referring to the amounts disbursed, rather than the amounts earmarked for various organizations and businesses.

Mr. Guy Caron: Please correct me if I'm wrong. When you transition from one mandate to another, ultimately, a large part of the agency's mandate starts from scratch and there is not much overlap between the contributions, commitments and projects that are funded between two mandates?

Mr. Alain Beaudoin: Thank you for the question.

In this case, it was a reflection of the fact that most of our programs had changed. In our first mandate, we had programs geared toward prosperity, for instance, but in the second mandate, following our consultations, many programs were changed. In that case, the reset button had to be pushed to start over and launch a call for proposals to stakeholders, so that they could submit an application in keeping with the terms, conditions and objectives of the programs we had in place, which were different from the ones in the first mandate.

Ms. Nancy Horsman: Let me add that we have only had two mandates so far. We see that there is a difference but we don't know what will happen in the third mandate. You can see that the numbers for the period after 2014-15 are more stable.

Mr. Guy Caron: That's a unique feature of your agency. In fact, I have not seen fluctuations like that in any other agency. The total budget that you have received since 2013-14 has decreased from \$234 million to \$104 million, then increased from \$198 million to \$234 million. The following amounts of \$234 million, \$220 million and \$184 million show us that the budget is still decreasing. I'm assuming that your third mandate will start in 2018-19.

Ms. Nancy Horsman: It will begin in 2019-20.

Mr. Guy Caron: Okay.

Is this system working for you? As I said before, agreements have been reached between the other agencies and the federal government.

It seems that your agency is the only one that works in five-year blocks, relatively independent from each other.

Mr. Alain Beaudoin: Thank you.

Our agency was created in 2009 only. So it is a rather young organization. As I mentioned before, we are in the middle of the second five-year mandate. The other regional economic development agencies, that were created in 1987, as I recall, benefit from a rolling budget.

In our case, we have a budget of \$920 million for a five-year mandate. Our agency works very closely with businesses to foster their growth, in partnership with all the stakeholders from incubators and accelerators. In support of innovation, we are also working closely with our federal and provincial partners to leverage and maximize the budget envelopes we have. Most of our programming focuses on innovation and on how to encourage partnerships, co-operation with post-secondary institutions and the private sector. There is a real focus on commercialization.

To answer your question, we have a five-year mandate and one budget. We are trying to leverage and maximize the results by working closely with our partners.

•(1605)

[English]

The Chair: Thanks to both of you.

Mr. Grewal.

Mr. Raj Grewal (Brampton East, Lib.): Thank you to our witnesses for coming today.

I think a lot of the concern across the board is about the metrics: to see if there's an actual return on investment for your budget. Your total budget, and correct me if I'm wrong, is \$920 million, and that's spread over the five-year mandate. How much of that was committed on year-over-year projects before January 1, 2016?

Ms. Nancy Horsman: We have that number somewhere. Yes, about 65% of our core funding was committed before then.

Mr. Raj Grewal: What is the percentage of the budget in a breakdown by industry? How much is in manufacturing and auto manufacturing? At the same time, what is the percentage breakdown between large companies and the small and medium enterprises?

Ms. Nancy Horsman: With respect to the large and small, it's virtually all for small. There might be a handful of projects that we've done with larger companies. We've put together these consortia. We might have, say, an IBM or somebody that's part of the partnership, but in terms of direct support, it would be almost all for small and medium-sized enterprises.

In terms of the manufacturing, do you have that, Alain?

Mr. Alain Beaudoin: To complement the president in terms of your question, in terms of manufacturing, the president stated in her opening remarks that we have more than 200 projects. Given the importance of manufacturing in Ontario, obviously, it's a key sector in which we'll invest. There has been \$462 million in investment since the inception of the agency, which in return is expected to leverage \$1.76 billion.

To your question in terms of the various sectors, there are other sectors that we support as well. It could be agrifood and life sciences, depending on the various companies or the various consortia that might come to us. We work with them. What we're trying to do is work with the firms in order to support their ability to scale up and grow.

In the case of the consortia, we're trying to leverage the innovation assets, the ecosystem that southern Ontario has, and create those partnerships between the public and private sectors in order to create optimal growth.

Mr. Raj Grewal: Of the \$462 million invested, you're saying that the return on investment is \$1.7 billion?

Mr. Alain Beaudoin: It's not the return. In return, it's the investments we are leveraging from the companies themselves, or from the various entities.

Mr. Raj Grewal: So that's the money they're putting into their own businesses?

Mr. Alain Beaudoin: Exactly.

Mr. Raj Grewal: It's generating economic growth.

Mr. Alain Beaudoin: Yes. All the programs we have ask for some leveraging.

Mr. Raj Grewal: Do you guys have a number for every dollar you invest into a corporation and how much it adds to the economy or to the GDP?

Ms. Nancy Horsman: As I said in my opening remarks, since our inception we've invested I think \$1.6 billion, and that has leveraged \$2.7 billion of additional investment.

Mr. Raj Grewal: Can you give me an ideal project or a success story that's like your poster child for saying that FedDev Ontario in southern Ontario needs more money?

• (1610)

Mr. Alain Beaudoin: Are you interested in firm-specific or maybe a consortia...?

Mr. Raj Grewal: Whatever you think is appropriate.

Mr. Alain Beaudoin: Earlier, I referred to some of the things we are trying to do in leveraging the innovation ecosystem that exists in the region and creating that type of collaboration in Ontario to make sure various key players and actors are working together.

There is a project called the Southern Ontario Smart Computing Innovation Platform. Some people refer to it as SOSICIP. The agency has funded this platform twice. It tries to pair academics and industry partners with advanced computing tools, software, and equipment, to fuel commercialization and innovation for those companies.

The partnership and the collaboration occur in different streams. It could be mining, advanced manufacturing, or cybersecurity. This provides the tools for the SMEs to work with researchers or post-graduate students. We have approximately 15 universities in southern Ontario that are partners as part of that, and each of them has expertise. They are able to work with specific companies that have specific needs and in return support the ability of these companies to bring their products or services to market much faster. First-mover advantage is critical.

The Chair: I'm sorry, Raj. You're out of time.

Ms. Horsman, just so the numbers match, I think that in the original paper it is \$1.6 billion committed and \$2.4 billion leveraged.

Ms. Nancy Horsman: I'm sorry. Thank you for the correction.

The Chair: That is not a problem. It happens to all of us.

Mr. McColeman, go ahead.

Mr. Phil McColeman (Brantford—Brant, CPC): Thank you, Mr. Chair.

Thank you for being here.

Of course, being from Brantford, in the heartland of an industrial community, I know full well the transition that is happening. We are doing pre-budget consultation, and I want your perspective on what the landscape is right now.

I will give you my take on it. The cost of doing business in Ontario is going through the roof, largely because of energy costs, specifically electricity. I have had firms come to my office and show me their bills, which have doubled. They were spending \$1,000 a month on that; now they are spending \$2,000 a month in overhead costs.

Are you finding this to be a factor for any of the companies you're working with in terms of their expansion plans? I recently had a company come to me and say that they were going to expand, but now they're not. They're going to do it in their plant in Michigan instead of Ontario. Are you finding this kind of effect currently happening in your region?

Ms. Nancy Horsman: Stepping back one step from that, I would say that Ontario is experiencing moderate growth prospects, just like most of the advanced economies in the world, but it's actually doing quite well compared to most of the provinces. A lot of that is due to robust exports because of strong U.S. sales of automotive parts and consumer goods.

Now, a little more weakness or softness than that is expected over the rest of this year, but the prospects in terms of economic outlook for southern Ontario are quite positive. Private sector forecasts are forecasting a growth of 2.7% this year and 2.5% next year, which is well above the national average.

To your more specific question, at FedDev Ontario, we have seen several instances of the opposite. We have been dealing with applicants deciding between Canada and the U.S., or between Canada and other jurisdictions, and who have decided to stay in Canada. Obviously, the cost of electricity is a cost of doing business, and when it is rising, that is difficult for businesses. Having said that, I feel that what we are seeing in Ontario is quite positive, relatively speaking.

Mr. Phil McColeman: I'm glad you're saying that, actually, because perhaps my information is anecdotal and you have a broader sense and picture of that. As you know, the reason why they were five-year mandates is that we really don't want you to exist in southern Ontario. That is our reality. This agency came into being because of the huge downturn in 2007 and 2008.

That's not criticizing your work. Let's put it in context. It's to say that southern Ontario, if working well, does not need the government to be involved in helping businesses fund their projects, move forward, and create the growth rates, although you've done great work in my community and great work in other locations, I'll give you that.

But that's great news, because it would lead one to think that in the future perhaps we don't need to renew another five-year mandate.

• (1615)

Ms. Nancy Horsman: I would simply say, as I did in my opening remarks, that Ontario is not immune to the globalization trends, the trend toward a knowledge-based economy and a service-based economy, and the restructuring that's happening in some of the traditional sectors such as manufacturing and automobiles. It's not immune to that. The same kinds of needs for prosperity, innovation, increasing exports, scaling up firms, exist across the country—

Mr. Phil McColeman: My time is running out, so I'm sorry to interrupt. I don't want to be rude.

Ms. Nancy Horsman: —including in southern Ontario.

Mr. Phil McColeman: There's one last question I do want to fit in.

In the event that the Energy East pipeline were to be approved, what effect would you see from that in businesses in your region?

Ms. Nancy Horsman: My understanding is that, for the large part, the existing pipeline conversion as proposed and the construction for the new line in Ontario is largely going to be only in the very eastern part of the country. I also understand that the exact pipeline route won't be finalized until TransCanada has assessed and incorporated input from numerous stakeholders.

There will be a positive impact for Ontario if it goes forward, but in terms of the new construction jobs, they will be more limited than, say, in Quebec.

The Chair: Thank you, Ms. Horsman and Phil.

Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

I have a quick question about the \$920 million that will be invested over the current five-year mandate to carry out these roles. Is that when the mandate ends? I'm sorry. I apologize if I missed that.

Ms. Nancy Horsman: The last year is 2018-19. It ends on March 31, 2019.

Mr. Francesco Sorbara: Okay.

I was present at an announcement in my riding where FedDev came and provided what I think was a loan to a company. I forget the company's name, but they're doing some great work and hiring some people. How is the loan portfolio performing?

Ms. Nancy Horsman: By way of background, the way our funding works is that if it's a funding to a business it's called a "repayable contribution", which is like a zero-interest loan except that it's based on meeting key milestones of a project. Receipts are submitted and the company is reimbursed. At the end of the project, they have to repay that repayable contribution.

Because we're such a young agency, many of the projects are not in the repayment zone right now, so we have a repayable portfolio that's very low in terms of writeoffs. I do have that that somewhere. I can provide that information to you.

Mr. Francesco Sorbara: I'm quite cognizant that this is what we're doing with taxpayers' dollars.

On page 2 of your opening remarks, I would love to get some colour on how this is performed. You say, "The Southern Ontario Prosperity Initiatives include four initiatives that cover a range of business needs in the region." Can you give me some colour in terms of the commercialization partnership initiatives?

We do hear that in Canada we have great innovators and great researchers but that sometimes there's a vacuum in terms of the commercialization aspect. If you could provide some colour on what you're seeing on the ground in southern Ontario with respect to this, that would be great.

• (1620)

Ms. Nancy Horsman: Alain is our big champion of commercialization, but I'm going to jump in here for a minute and talk about the Southern Ontario Water Consortium, which I think is a really good example of where universities came together with the private sector and municipalities to provide a place for the testing and validation of water treatment technologies and waste-water treatment technologies.

It provides a true and real municipal landscape for small or medium-sized enterprise to take an idea and test in a true waste-water environment. FedDev Ontario was one of the funders of that project. What's great about it is that it's bringing all of those partners together and making those commercialization opportunities possible.

I don't know, Alain, if you have another example.

Mr. Alain Beaudoin: That was a very good point.

Building on the example I used earlier of the Southern Ontario Smart Computing Innovation Platform, there's another one. Recently, Minister Bains announced the creation of the new Fraunhofer Institute at McMaster University, which is focused on bioengineering and advanced manufacturing.

Again, it's about how can we bring together the various partners from academia—in this case, the Fraunhofer Institute from Germany—in working with the private sector and accelerating the commercialization of very specific health solutions and devices, which will help those companies be in a position to sell not only in Canada but globally as well. We see a lot of appetite on the ground, in terms of the partnerships between the private sector and those consortia, to have that collaboration.

Mr. Francesco Sorbara: I have a very quick question. You're on the ground and you're getting that granular detail from firms. One of the things I've heard in the region I'm from, York Region, and in the surrounding area really isn't touched on by the federal government but does impact development, and it is the development charges that are imposed by the region.

Have you heard from any of your clients or entities down there about development charges being a headwind in terms of manufacturing activity in southern Ontario?

Ms. Nancy Horsman: I have not.

Can I just say, though, that our writeoff rate is less than 5%?

The Chair: I'm sorry. There are two conversations going on here, and I'm in one. We will probably leave it there.

I do have one thing I want to follow up on. I'd put it this way. It relates to the question that Ms. O'Connell asked earlier on broadband. As I've said to some other regional development agents, we are the finance committee. We will be making recommendations to the government. I think I can honestly say that in this town when there's an announcement in the House, in this bubble people think it actually always happens, and one area is broadband.

I remember Brian Tobin announcing it. I remember John Manley announcing it. I remember this government announcing it, and we announced it again. But the reality out there in an awful lot of places is that we don't have broadband. It affects our ability in Prince Edward Island to attract businesses and even to attract young people in.

I'd phrase the question in maybe a different way than Jen did. If broadband were accessible at the speeds that it should be accessible at, would it make a difference in terms of businesses in the area in which you operate? How critical is broadband in order to attract business, not only into your area but as we compete against the rest of the world?

Ms. Nancy Horsman: I'm hearing that broadband is an issue in some parts of the southern Ontario catchment area that we operate in. For many parts of it, it's not. We have heard about the issues around broadband. The government has consulted on the innovation agenda, and will be coming forward with ideas and proposals in the budget.

• (1625)

The Chair: Okay. We'll leave it at that.

Ms. Nancy Horsman: Thank you.

The Chair: Thank you very much for your presentation and your forthrightness in answering questions.

We will suspend for a few minutes for the next group.

• (1625)

(Pause)

• (1630)

The Chair: Could we come to order, please? We're on a bit of a deadline.

We welcome Western Economic Diversification and the acting assistant deputy minister for the Saskatchewan region, Mr. Zolinsky. I believe we've seen Mr. Meddings before, and I think we're going to see him four times this week. We also welcome Ms. Laing, director of policy, planning and external relations.

The floor is yours, Mr. Zolinsky.

Mr. Doug Zolinsky (Acting Assistant Deputy Minister, Saskatchewan Region, Department of Western Economic Diversification): Thank you, Mr. Chairman. It's a pleasure to be here today.

Good afternoon. My name is Doug Zolinsky. I am the acting assistant deputy minister for Western Economic Diversification's regional office in Saskatchewan. My colleague James Meddings is our ADM of policy and strategic direction. Rhonda Laing is our director for policy, planning and external relations for the Saskatchewan region.

I will speak to the economic conditions in Saskatchewan, but I should first note that Western Economic Diversification Canada, or WED, has a strong presence in Saskatchewan and close ties with provincial counterparts, Saskatchewan's business community, indigenous organizations, and other stakeholders. This supports the department's role in providing regional intelligence and strategic advice, convening regional stakeholders, and supporting regionally sensitive economic development.

Let me tell you a bit about Saskatchewan. Saskatchewan has a total population of 1.14 million. The population is young, and it has been growing since 2007, reversing a decade-long decline and breaking away from relatively flat population growth since the 1930s. Saskatchewan has a large indigenous community. As of the last census count in 2011, 15.6% of Saskatchewan's population was indigenous, and first nations children aged 14 and under represent one-fifth of all children in the province.

Saskatchewan has a diverse range of natural resource endowments, including oil and gas, potash, and uranium, and Saskatchewan is also Canada's largest agrifood producer. Natural resources are key economic drivers. The province's largest industry is the oil and gas sector, which accounts for roughly 15% of Saskatchewan's

GDP. Collectively, primary resource production accounts for roughly 27% of the province's real GDP, which totalled \$58.5 billion in 2015.

Saskatchewan has undergone significant changes in the past decade. Until recently, Saskatchewan was enjoying particularly strong economic growth due to a commodity boom starting around 2002. This was related to rapid industrialization in China and other developing countries, which increased demand for raw materials and Saskatchewan's resources. A number of factors, including slowing growth in China and other emerging economies and strong global supply, have since put downward pressure on the price of a number of key commodities for Saskatchewan, including oil and potash.

Lower commodity prices pose a real challenge for Saskatchewan. In 2015 Saskatchewan's real GDP declined by 1.4%, largely as a result of low oil prices. From 2014 to 2015, capital expenditures fell 17.3%, with the largest decreases occurring in the mining and oil and gas sectors. Compared to two years ago, there are fewer than half as many drilling rigs active in the province, with 27 now compared to 68 in 2014, and strong supply has resulted in hundreds of layoffs in the mining sector, where prices are down from pre-recession highs.

Saskatchewan's unemployment rate is currently 6.3%, compared to 7% for Canada as a whole. While Saskatchewan's unemployment rate remains relatively low, it has increased substantially over the course of 2015 and 2016 from just 3.8% in 2014, largely as a result of low crude oil prices. As of August, there were 42,000 unemployed individuals in the province, compared to 31,000 at the same time two years ago.

Due to continued low oil prices, growth is expected to be constrained in 2016. However, Saskatchewan's diverse resource portfolio has helped to limit somewhat the impact of oil prices on the province's economy, and Saskatchewan is expected to experience the shortest and least severe recession among the oil-producing provinces.

Saskatchewan is heavily reliant on exports, and access to markets is critical to Saskatchewan's well-being. In 2015 Saskatchewan's merchandise exports totalled \$32.6 billion. On a per capita basis, Saskatchewan has the highest exports among all the provinces, with nearly \$29,000 in exports for every Saskatchewan resident in 2015.

• (1635)

The United States accounts for the majority of Saskatchewan's merchandise exports, but exports to developing markets, including China and India, are growing in importance. Between 2005 and 2015, China's and India's share of Saskatchewan's exports more than doubled. Collectively, these two countries received 16% of Saskatchewan's exported goods in 2015.

Reflecting the importance of natural resources, Saskatchewan's exports are dominated by commodities. The province's top export products are: crude petroleum oils, potash, canola seeds, lentils, wheat, peas, and uranium. Together, these accounted for roughly three-quarters of total merchandise exports in 2015.

Saskatchewan's exports have been supported by advancements in Saskatchewan's traditional sectors, such as the adoption of advanced farming techniques and the development of new crop varieties. For example, Saskatchewan is now a key producer of pulse crops, which have become important exports and cash crops. In 2015 lentils and dry peas accounted for 23.9% of all crop cash receipts in the province.

Saskatchewan is also a leader in innovative sectors related to its traditional resource strengths. The province is home to a vibrant agriculture biotechnology cluster with expertise in crop development, vaccines, and the development of new bioproducts. This cluster helps to position Saskatchewan producers to address growing global demand for food and other products such as bioenergy. Saskatchewan also boasts a highly innovative energy cluster and is a leader in enhanced oil recovery and carbon capture and storage, helping to increase production and lower costs for producers.

In the agricultural sector, Saskatchewan has translated its traditional strengths and expertise into value-added manufacturing, including food processing and agricultural equipment manufacturing. Saskatchewan is also establishing leadership in other emerging sectors such as nuclear science, creating conditions for the province to capture more of the uranium value chain and to capitalize on opportunities related to medicine and power generation.

Saskatchewan faces a number of economic challenges.

Saskatchewan's economic reliance on natural resource development exposes the province to economic downturns and commodity price volatility, or boom and bust cycles. Saskatchewan exporters are highly dependent on the U.S. market despite growth in developing markets. Saskatchewan innovators face challenges in accessing the capital they need to get their ideas to market, and Saskatchewan has low levels of research and development compared to competing jurisdictions.

Saskatchewan's indigenous population is highly entrepreneurial. Private investment in indigenous economic growth in Saskatchewan is increasing. However, there are significant socio-economic gaps between Saskatchewan's indigenous and non-indigenous residents. Closing these gaps is critical, both to the well-being of Saskatchewan's indigenous residents and to the province's overall future economic prosperity.

WED's programs and activities are well aligned with challenges and opportunities facing Saskatchewan. Through the western diversification program and the western innovation initiative, WED makes strategic investments to grow and diversify Saskatchewan's economy. Through its support for the Western Canada Business Service Network, WED also provides access to services and capital, which helps small and medium-sized enterprises to innovate, grow, and create jobs.

It is important that Saskatchewan's firms are able to compete internationally and that they continue to increase their penetration of

global markets. Through its investments, WED helps western Canadian small and medium-sized enterprises build their capacity to engage in international business opportunities and in emerging markets. WED also raises awareness of Saskatchewan and western Canada's key strengths and sectors in international markets to promote trade and attract foreign investment to the region.

Improving access to capital and increasing investment in research and development can help to support innovation and increase value-added production in the province. WED's investments support the development and commercialization of key innovative products and processes, and the department has helped to grow key emerging sectors in Saskatchewan, including biotechnology and value-added food processing.

Improving economic outcomes for Saskatchewan's indigenous population can help to improve economic output and provide broader community and societal benefits in the province. WED's support for indigenous skills and training and economic growth can help to increase indigenous labour market participation and improve living standards in Saskatchewan.

We are proud of our role in Saskatchewan and will continue to work with key partners in the province to help Saskatchewan seize economic opportunities and increase prosperity in the province.

Thank you.

• (1640)

The Chair: Thank you very much, Mr. Zolinsky. I will admit that I have a soft spot for Saskatchewan. I don't think there's anywhere I haven't been in that province—probably places you haven't been. I've been in Elbow and Eyebrow, places that probably don't even exist now.

Mr. MacKinnon, please, for five minutes.

Mr. Steven MacKinnon (Gatineau, Lib.): Thank you, Mr. Chairman.

Mr. Zolinsky, Mr. Meddings, and Ms. Laing, thank you for coming here today. We've had and continue to have very interesting presentations from regional development agencies across the country.

As I'm sure you were informed, we're in a pre-budget process, and I think it's no secret that one of the things we're trying to get a handle on is how people see growth and innovation emerging from all of the regions of Canada, and how we best leverage our strengths and, in fact, create new strengths across the country.

Your presentation gave us a very interesting overview of the Saskatchewan economy. Certainly, I think it's fair to say Saskatchewan has been on a bit of a run over the past decade or so, largely driven by high commodity prices. However, not unlike Alberta and some other energy-producing provinces, such as Newfoundland and Labrador, it's not immune to these kinds of shocks. I know that potash prices have been lagging somewhat, based on competitor activity around the world, among other things, and food is one of those very volatile and obviously also cyclical things.

To start, where do you see diversification coming into the Saskatchewan economy? Where do you intend to place your emphasis in terms of programming dollars and in terms of your planning and strategy? How do we squeeze more growth out of an economy that, by your own description, is highly exposed to the vagaries of commodity pricing?

Mr. Doug Zolinsky: Thank you for that question.

First off, I'll note that Saskatchewan does see itself diversifying its economy, based on traditional strengths that already exist in the natural resource base.

First, I would note agriculture. There are significant chunks of infrastructure now in place in Saskatchewan, particularly around the University of Saskatchewan. We have Canada's largest investment in a science instrument with the Canadian Light Source.

As well, we have VIDO, the Vaccine Infectious Disease Organization, and VIDO-InterVac.

We also have the Global Institute for Food Security. That institute itself is also propped up by \$35 million, I believe, or \$25 million, from PotashCorp of Saskatchewan, to invest in companies, really, to do things in the ag-bio sector. We have organizations like Ag-West Bio present, promoting the biotech sector across the world globally, and WED has been supportive of Ag-West Bio.

The province has also recognized agriculture as a key sector that it's going to be supportive of. In fact, they refer to their food, fuel, and fertilizer trifecta as to where they're going to play. Certainly that's one area.

Also, in resource extraction there is beginning to be a recognition that there is value in the development of extraction of resources to enhance oil recovery methods in reducing costs. Water reclamation around drilling and mining sites is key. Recently, WED supported a mine recovery facility whereby they're testing how to reclaim old mine sites. That is another cost savings piece for the mining industry itself.

There are a number of initiatives like that. We could probably provide a pretty strong list, but certainly there are things that are occurring in recognition that the commodity cycle needs to be broken.

•(1645)

Mr. Steven MacKinnon: We have five-minute segments here, so I'm going to give you two topics and ask you to comment on both. I think that will probably eat up all of my time.

The Chair: It's five minutes between you and the person who answers, so you have 40 seconds left.

Mr. Steven MacKinnon: The two topics are: carbon capture and storage and the possibilities of commercializing same, number one; and consolidation in the potash sector, which is obviously looming for reasons of merger and acquisition activity. Can you comment on those two things?

Mr. Doug Zolinsky: I'll do the best I can.

Carbon capture and storage, of course, is a huge \$1.5-billion expenditure investment at Boundary Dam Unit 3. It initially ran into some technical glitches, but things are progressing at a much better

pace right now and look much more promising. I will add that whether or not that particular technology will be expanded and moved outside the province for commercialization purposes remains to be seen. The IP is not actually owned by SaskPower; their sales plan, I think, is General Electric or somebody like that, some massive engineering firm. But they do point to the fact that China is going to continue to burn coal for a long time, and they're very interested in that type of technology.

With respect to potash, I'm only seeing what I'm hearing in the news, which is that there are good things and bad things about this. I think farm producers are concerned only in terms of having less competition in terms of where they're going to buy their nutrients and fertilizer. However, the rest of the province sees this as a positive move. If the merger were to occur, the head office would remain in Saskatoon for the organization. At present, that particular merger is viewed as a very positive thing and actually necessary in light of the new potash world we're in.

The Chair: I'll have to cut you off there, Mr. Zolinsky.

Mr. Liepert, you have five minutes.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Mr. Meddings was here to hear my rant yesterday about the optimism that you have for Alberta. I'm from Alberta, not Saskatchewan, and an awful lot of the problems that I think potentially face Alberta also face Saskatchewan.

We've had a really good run for the last half a dozen years in agriculture, but a drought or something that could impact agriculture would have a significant effect on the economy of Saskatchewan. There are varying views on where the commodity prices are going to go. I think we all agree that it's going to be a slower climb back up than we had hoped.

I'd like to get your sense of what would happen in the event that we were to have a major hit to the agriculture sector of Saskatchewan. Have you done any reviews of what that would result in for the economy of Saskatchewan next year?

Mr. Doug Zolinsky: A hit to the agricultural economy in terms of crop failure, say, which I guess is what you're thinking about, in conjunction with the low commodity prices that are around right at this point in time obviously would be a blow to the provincial economy. Right now, the province is counting on fairly decent farm cash receipts to make up for the losses in other areas, such as oil and gas, because they're not going to make it up in uranium, or potash, or anywhere else, for that matter. There are some bright spots in some other minerals such as gold and zinc and rare earth metals, and now the talk about a potential new diamond mine is back.

There are some tiny bright spots. Whether that signals some help, I don't know.

In terms of agriculture, about a third of the crops in agriculture are lentils, peas, pulses, and such. They are able to withstand some of the vagaries of the weather and still produce some type of crop. Nonetheless, a bad crop year would not be good at this particular point in time, there's no doubt about it. That's one of the reasons why in Saskatchewan they were thinking that a bumper crop was on its way. The weather has tempered it a bit. Nonetheless, they're still hopeful.

• (1650)

Mr. Ron Liepert: What about infrastructure?

There are probably a lot of opportunities for infrastructure in Saskatchewan. What opportunities would you see? If the federal government wanted to inject money to create jobs in Saskatchewan, that seems to be one of the ways to do it. What might a couple of those opportunities be?

Mr. Doug Zolinsky: Saskatchewan exports 86% of everything it makes or grows, so a system that allows product, whatever that may be, to leave the province in a hurry and get to market quickly is vastly important. Highway systems that are perfect, especially the ones that account for the heavy traffic, and rail systems that allow for not only agricultural products but actual oil products to move—because that's the way they're moving right now—are key.

The other piece I would see is a greater infrastructure in the north. There are not a lot of roads in the north to allow access, even if it's just simple things like getting up there to fish. Everything is fly-in.

So yes, it would be rail, roads, and roads in the north.

The Chair: Mr. Caron.

[Translation]

Mr. Guy Caron: Thank you very much, Mr. Chair.

I will try to ask short questions.

Mr. Zolinsky, I asked your colleagues from Alberta this question. Could you tell me what Western Economic Diversification Canada's role in agriculture was after the activities of the Canadian Wheat Board came to an end?

There was a transition period, particularly in Saskatchewan. Clearly, there was an adjustment to this new reality. The adjustment probably required new investments and calls for involvement.

Could you tell me what the department's role was? How did you facilitate the transition? Can you comment on the current reality compared to the one before?

[English]

Mr. Doug Zolinsky: With regard to the change in the Canadian Wheat Board, WD did not play an active role in what occurred there. In my position, I did not actually see anything such as project applications to us, say, from any sort of producer associations anywhere that may have helped buffer the changes. We didn't see any sorts of applications.

Based only on our role on the ground as a pathfinder, convenor, and gatherer of the regional intelligence, I can say a couple of things. Especially in the news—you'll see this in the news occasionally—you'll see that the smaller producers seem to be struggling a bit with the disappearance of the Wheat Board. They may not have the

capacity to do some of the marketing. Larger producers are quite thrilled with the changes.

The other piece is that, despite the Wheat Board's disappearance, we have seen that crop exports have grown significantly in Saskatchewan recently, and that includes the years following the end of the single-buyer status piece. Partly, I suppose, based on our knowledge, it's because the farmers are gaining significant experience and expertise in marketing their own crops as time goes on and are achieving success in the absence of that single-desk position.

The other thing that's occurring is that there are crops outside the Wheat Board's authority and are highly successful in Saskatchewan. The ones I mentioned earlier, like canola, lentils, and peas, weren't part of the Canadian Wheat Board mandate. I think I said that they're 27.3% of ag production in Saskatchewan now. That piece was beyond the CWB.

• (1655)

Mr. Guy Caron: I'll change domains. I want to refer to something you said in your presentation. You said, "Saskatchewan innovators face challenges accessing the capital they need to get their ideas to market, and Saskatchewan has low levels of research and development compared to competing jurisdictions."

This brings forth the fact that Canada probably has one of the worst records in the OECD in terms of venture capital and investments. Basically, Quebec is bringing Canada a bit higher than it would otherwise be, but we're way behind. We don't seem to find a solution for accessing venture capital, and we don't seem to find a solution for research and development.

You seem to be in a good position to assess the problems that we see in Saskatchewan. Maybe your assessment would help us find a more pan-Canadian...I won't say a solution, but at least a path in this regard.

Mr. Doug Zolinsky: I wish I could solve that for you, because I wouldn't be here. I would be sitting with Bill Gates or Steve Jobs or whoever, in a different position.

Voices: Oh, oh!

Mr. Doug Zolinsky: Internationally, business expenditure in research and development in Canada are low, period. They're even worse in Alberta and Saskatchewan. BERD, in my province or in Alberta, is extremely low. There's been a recognition of that for a long period of time. Different types of programs have been put in place to try to accelerate business expenditures on research and development. Recently, through WINN, a WED program, we've decided to get back into the game of funding private sector businesses in the hope that maybe we could spur some of that. It's a new program.

It is difficult. In Saskatchewan, there is no lack of supply of ideas coming out of the institutes that are there, the research organizations. There's no problem there. It's just that there's no receptor capacity. The companies don't exist to pick up the ideas and run with them. The money doesn't exist to help them. In Saskatchewan, we have four venture capitalists. That's it. Even some of the highly entrepreneurial companies in Saskatchewan have to seek outside the province to grow their businesses.

I'll come up with something next year, and I'll be rich, and I'll let you know.

The Chair: Thank you, Mr. Zolinsky.

Before I go to Robert on that question, because I hit it later, we do know that there are a lot of factors affecting the ability of regional development agencies to achieve greater economic growth, but on that very question, is there anything, and if there is, what areas can the federal government pursue to help with venture capital? Or what other policies or programs are needed that could help you achieve your goals as an RDA?

Mr. Doug Zolinsky: James just mentioned something that we talk about often, partly because our programming is very oversubscribed in both our programs, WINN and WDP, but on the WINN side in particular. In the types of technologies coming forward, what we're seeing the need for patient capital. Even our WINN program has timelines—three years to commercialization—and depending upon which sectors you wanting to invest in three years is not a long time. Patient capital is very important to achieve some of those commercialization results you're talking about.

Thank you.

The Chair: Thank you. That's a good suggestion.

Mr. Ouellette.

Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Zolinsky. I really appreciate you coming here today.

Could you give me an idea of how many indigenous companies or projects you've funded over the last number of years?

Mr. Doug Zolinsky: I can do that. In 2015-16, 12 CFs in Saskatchewan reported serving 450 indigenous clients out of a total of 3,444 clients served. In total, 101 loans supported aboriginal economic development and were issued by these 12 Saskatchewan CFs. In 2015-16 as well, the Aboriginal Business Service Network, funded by WED, reported the following results: 113 businesses were created, maintained, or expanded; 64 jobs were created or maintained; and there were 62 business training sessions, with 163 participants involved.

• (1700)

Mr. Robert-Falcon Ouellette: I was wondering if you know how many of those businesses were on a reserve or an urban reserve.

I'm sorry. They're very specific questions because there's an issue in Manitoba with urban reserves. It seems that we have difficulty getting them established through AADNC or INAC. I'd like to know

if the Western Development agency is able to partner and develop them on urban reserves.

Mr. Doug Zolinsky: That's a piece of information I don't have and which I can get. I just finished reading it. The reason I remember it is that it talked about how off-reserve businesses tend to be more successful than on-reserve businesses. I don't recall the reasons, but I just read that last night so I'm pretty sure I can find you that information.

Mr. Robert-Falcon Ouellette: That's perfect.

I was also wondering if you offer services to other companies that might be dealing with indigenous populations, perhaps to explain laws or constitutional requirements, consultation, and other things like that. I know that you also offer a lot of services as well, right?

Mr. Doug Zolinsky: Right. We do offer pathfinding and convening services to all businesses. We do put an indigenous lens on a lot of what we do, there's no doubt about it. With the new government's emphasis on indigenous economic growth, we're having a very close look at that.

I do have some other numbers here that speak to our other programs. WED has provided \$10 million in support of nine indigenous economic growth projects since 2013. These projects supported indigenous skills training, business development, entrepreneurship, and clean technology. WED prioritizes the development of the indigenous and northern communities in Saskatchewan with funds from the Canada 150 community infrastructure program, CIP 150. About one in six projects approved under the first intake of CIP 150 were in indigenous and northern communities in Saskatchewan. Also, of course, we also do work as a signatory to the strategic partnerships initiative.

Mr. Robert-Falcon Ouellette: You mentioned training programs. We seem to be doing a lot of training of aboriginal people for various things.

I was wondering if you could get more specific numbers, perhaps at a later date, about actual companies that were founded and that have led to or are leading to long-term jobs, because at the end of the day I think that's we want in these communities. We want people to have employment in some long-term fashion. Doing a training program is very valuable and noble. Education is a noble endeavour, but at some point you need that money coming in, and you need people going out there and being able to make some of that money to support their families. I guess at a later date I'd like to get some more information.

In your opinion, what really stops investment in indigenous communities? What are perhaps some of the challenges you have discovered?

Mr. Doug Zolinsky: Where to begin? We will get you the information you're asking for.

James just passed me another indicator that I can add. We have two CFs in northern Saskatchewan. In the past year, Beaver River has done 103 loans valued at \$4.2 million, creating 219 jobs. Visions North did 13 loans valued at \$767,000, creating seven positions.

The Chair: I'll have to cut you off there. What is CF?

Mr. Doug Zolinsky: It's Community Futures.

Mr. Robert-Falcon Ouellette: Yes, Community Futures. Sorry—acronyms.

The Chair: You can send that information to the clerk if you would, please, Mr. Zolinsky.

Mr. Doug Zolinsky: Sure.

The Chair: Mr. McColeman.

Mr. Phil McColeman: Thank you, Chair.

If you could identify one thing that the federal government could do moving forward to help your economy in Saskatchewan, what would that be?

• (1705)

Mr. Doug Zolinsky: I firmly believe in diversifying the economy, because in Saskatchewan, of course, we have seen over the decades, for as long as my grandparents know and my parents know, boom and bust cycles of resources. We would love to see investment in innovation that would diversify the Saskatchewan economy. It's as simple as that.

Mr. Phil McColeman: It seems to me, having visited the carbon capture and storage facility and seeing that technology about five or six years ago, I guess, and hearing you speak today about it, that it perhaps has not nearly become the future, and that the innovation of it is perhaps not as promising as it was back then. Am I reading it correctly that way? At that time, it was leading edge. I remember that we were there looking at it as something that governments could work with and assist in making this technology a workable technology to commercialize.

Can you fill in the story over what's happened with that and why it hasn't taken off?

Mr. Doug Zolinsky: I think the number one reason that it has not taken off is just the costs associated with those facilities. There have been a couple in Alberta that I think have finally come on stream a bit. They were very expensive and were supported by the Alberta government. You might get a better answer there.

We have also seen some of these types of facilities in Europe cease because of costs. They are very expensive, and that's probably the main reason why they are not being created like rabbits. They are not everywhere just because of cost.

Mr. Phil McColeman: Right. Hopefully you can refine the technology over time, but I guess that just isn't happening. That's not a great thing to hear, especially with all the new coal-fired plants that are being built around the world as we speak.

What would be the effect of the Energy East pipeline on Saskatchewan?

Mr. Doug Zolinsky: The effect of the Energy East pipeline would be a very positive one. We've heard that from our premier on many occasions.

There are the initial construction jobs, of course, in the pipeline coming through Saskatchewan. There is that piece. Just the ability to get more oil, whether it's from the oil sands or from the heavy oil fields of Saskatchewan, out of that block and to the east is an economic boom to Saskatchewan.

Mr. Phil McColeman: So it's a big win if it is approved?

Mr. Doug Zolinsky: If I'm reading all the numbers I see out of the province, it's a big win.

Mr. Phil McColeman: Thank you.

The Chair: That's it for you, Mr. McColeman.

Mr. Sorbara will be the last questioner.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome.

Saskatchewan, I firmly believe, still has a wonderful and bright future ahead of it. Crop yields will continue to be one measurement and will continue to rise. For the use of potash in the future, there'll still be a strong demand for that commodity. Yes, it is cyclical, but things go on, and you need to feed people in the world, whether it's in India, China, here in North America, or wherever else.

Technology is helping with that, with ge positioning and all those wonderful things, so in my terms I look at Saskatchewan and I think it's uniquely positioned, whether it's lentils or even oil. RBC came out with a report yesterday saying that there has been such a cutback in capital investment in the oil industry that you're going to move into a situation where demand is continuing to rise for oil globally, and you'll see a steady recovery in oil prices in the years to come. It may not go to where it was prior to this, because I think that was—and this is a personal opinion—a self-induced bubble from quantitative easing and all the money or liquidity that went into commodity funds.

I do wish to ask, on the investments you're making in clean technology or in that vein, if you can give us some colour on that. I do believe innovation in clean technology is the way on many levels, including with regard to oil and gas and other industries, but if you can talk about that area, that would be wonderful.

• (1710)

Mr. Doug Zolinsky: As James was just pointing out, WED is committed to doubling our expenditures on clean technology. In our case, in our WINN fund, that's an extra \$25 million that will be devoted to expenditures in clean technologies across the west. There's that piece. That is being done, just as you said, in the belief that there are opportunities in clean technology for diversifying the future economy across the west.

I have some other statistics here. Since 2013, WED has provided Saskatchewan \$1.1 million in support of nine clean technology projects in Saskatchewan. These projects have leveraged a further \$21.6 million from other investors.

I'll give you an example of one I like. Again, it's from 2013. It was a small project of \$300,000 to the First Nations Power Authority to develop small-scale and off-grid renewable power generation technologies. That was in partnership with SaskPower and...was it General Dynamics?

A voice: Lockheed Martin.

Mr. Doug Zolinsky: It was Lockheed Martin.

It is recognized as the right thing to do.

Mr. James Meddings (Assistant Deputy Minister, Policy and Strategic Direction (Ottawa), Department of Western Economic Diversification): Could I add to that?

Mr. Doug Zolinsky: Please.

Mr. James Meddings: In terms of the \$25 million in the budget, there was an expectation that regional development agencies as a collectivity would double their investments in clean tech, from a baseline in 2015-16 of just under \$50 million to \$100 million.

WED has a relatively small budget in comparison. If you add the envelope of all the RDAs together, we have less than 13% of the funding, but we are big in responding to the strength of clean tech across western Canada. In 2016-17 we think we'll be able to identify some \$25 million in clean tech projects, which is a quarter of the \$100-million commitment.

That's the point we're trying to get across. The west is well positioned to engage in what we think is a strong clean tech sector, if you can call it a sector. Of course, investments in clean tech can overlap many sectors in western Canada in terms of efficiency.

Mr. Francesco Sorbara: Mr. Chair, I'm finished.

The Chair: Okay. Does anyone have one quick question they wish to ask?

Raj.

Mr. Raj Grewal: Thank you, Mr. Chair.

Thank you for attending today. When you gave your opening statement, you spoke about your relationship in terms of Saskatchewan's trade with India. I know that Saskatchewan is a big producer of lentils, canola oil, and stuff like that. What is the biggest single thing the federal government could do to enhance that trade relationship? That's a massive market, and you mentioned that getting exports to market would benefit the economy.

Mr. Doug Zolinsky: Simply, I guess, Saskatchewan would need further support from Global Affairs Canada, for example. Making the right connections, introducing the companies to the right people and the right companies, and just helping to create those pathfinding and convening roles would be a great help. There are some highly successful producers who are doing that already, but there are other people in the game, as I understand it, who are looking for that level of support.

Mr. Raj Grewal: Has Saskatchewan, your department, or any of the other economic agencies gone out there to build relationships on the ground? Sixteen per cent of your export market is pretty big.

Mr. Doug Zolinsky: Right. WED has not, based on conversations we've had with companies that are out there. For example, Saskatchewan is the largest importer of a particular foodstuff into Mumbai, by far. That was created, as I understand it, by some personal connections being developed through Global Affairs Canada, along with some people on the ground in Saskatchewan.

Mr. James Meddings: We don't have a dedicated program for trade and investment and market expansion, but we do receive projects and proposals from time to time in and around helping SMEs get to international markets and international shows, not in terms of the specific example or the specific question you're asking.

We have done it in other areas, but it's small in the overall distribution of our funding.

• (1715)

Mr. Raj Grewal: Thank you.

The Chair: Thank you.

I know that ACOA does trade missions. You're telling me that you don't do that at WED?

Mr. James Meddings: No.

Mr. Doug Zolinsky: No, we do not.

Mr. James Meddings: We have no dedicated program in that area. Funds we take in for supporting those areas, which are only a small number of projects, come off the funds that we could be directing to other priorities.

The Chair: Maybe we need to be looking at Team Canada missions or some such thing again.

Mr. James Meddings: Yes.

The Chair: I will say one thing about the regional development agencies. By having each of you before us, I think we're all gaining a better understanding of the country as a whole in terms of some of the things that are happening across the country, and I think that's good.

Mr. Zolinsky, I want to thank all three of you for your presentation.

We'll suspend for a few minutes while the Manitoba region of WED comes forward, and probably Mr. Meddings again.

• (1715)

(Pause)

• (1715)

The Vice-Chair (Mr. Ron Liepert (Calgary Signal Hill, CPC)): We'll resume with a presentation on Manitoba.

We welcome Ms. Guimond and Mr. Dunford, who is back again today.

Please go ahead with your presentation.

Ms. France Guimond (Acting Assistant Deputy Minister, Manitoba Region, Department of Western Economic Diversification): Thank you, Mr. Chair.

[*Translation*]

Good afternoon, ladies and gentlemen.

[*English*]

My name is France Guimond, and I am the acting assistant deputy minister for the Manitoba region. With me today are James Meddings, whom you have met, our ADM for policy and strategic direction, and Ryan Dunford, acting director general for policy and strategic direction.

You have just heard from my Saskatchewan colleagues. I recognize that we have some similarities in our social and economic structure, and consequently there may be some overlap in our discussions. I will, however, focus on the unique aspects of the Manitoba economy.

• (1720)

[Translation]

I will focus on the unique aspects of the Manitoba economy.

[English]

Manitoba is home to 1.3 million people. It has a balanced economy across industries, a growing population, a vibrant indigenous community, and the largest francophone community west of Quebec.

As diverse as the economy is with respect to industries, Manitoba is unique in that almost two-thirds of the population and economic activity are concentrated in one city, and that's Winnipeg.

In terms of our current economic conditions, Manitoba is recognized as the western province with the greatest diversity of industrial sectors. No single industry holds more than a 12% share of the approximately \$54.8-billion provincial GDP. This diversity is credited with providing the basis for slow and steady growth in good economic times. In addition, it has enabled Manitoba to ride out economic recessions. Manitoba is the least resource-dependent province in western Canada, and its private sector is dominated by small and medium-sized firms.

At the same time, Manitoba has a small number of large firms with well-developed supply chains, in industries such as aerospace, bus manufacturing, food processing, financial and insurance services, agriculture, and transportation.

With commodity prices expected to remain volatile, forecasters are predicting that Manitoba will continue to experience GDP growth above the Canadian average for the next couple of years.

[Translation]

Manitoba's economic growth of 2.3% last year can be attributed to various factors: large capital infrastructure investments made by Manitoba Hydro, several commercial projects in downtown Winnipeg, and a recovering economy in the United States boosting demand in our manufacturing sector.

[English]

Exports are critical to Manitoba's economic success. Outside of Winnipeg, the closest communities with significant consumer markets are in the Midwestern United States. Minneapolis, Omaha, and Kansas City are all closer than Calgary or cities in southern Ontario.

Last year, Manitoba's international exports were valued at \$13.8 billion, up 2.2% from the previous year. Manitoba's key export markets include the United States, China, and Japan, but the province is equally reliant on interprovincial trade, with most of the goods produced heading to Alberta or Ontario.

Manitoba had the best employment growth in the country last year, at 1.5%, and one of the lowest unemployment rates, at 5.6%. This is the first time in decades that Manitoba has seen employment growth that led the country.

With respect to the current socio-economic challenges in Manitoba, while Manitoba is seeing a short- to medium-term surge in economic output and employment growth, the province faces

many socio-economic challenges. For example, a number of recent events in northern Manitoba—OmniTRAX and Tolko—have heightened concerns in a region where there are high rates of unemployment, numerous social issues, isolation, and a lack of alternative employment opportunities.

For decades, Manitoba has seen a steady stream of interprovincial outward migration to other provinces. Families and highly skilled individuals are moving to provinces such as B.C., Alberta, and Ontario to take advantage of the higher wages and diverse employment opportunities, so in Manitoba we constantly hear of labour shortages in both skilled and unskilled occupations.

• (1725)

[Translation]

A surge in new immigrants, primarily through the provincial nominee program, has helped reduce some of the labour shortages.

[English]

At the same time, Manitoba has an underutilized young indigenous population. The median age for the provincial population is 38.4 years, while it's only 24.4 for the indigenous population. By 2026 it is projected that one in five Manitoba workers will be indigenous; therefore, the integration of Manitoba's indigenous community into the workforce is key to the long-term prosperity of the province.

Manitoba innovators also face challenges when accessing capital. Investments required to grow beyond the medium size are difficult to attract. The result is that companies remain small and often lack the resources to improve productivity, deepen their expertise, or expand their markets beyond the United States.

I'll now tell you a bit about the scope of WD operations.

Our core activity is to promote and advocate for the interests of western Canada. We achieve this partly through the western diversification program. We strategically operate under four priorities: innovation, trade and investment, indigenous economic growth, and federal defence procurement.

Through our western innovation initiative we are making a small but significant contribution to helping small and medium enterprises commercialize to get their ideas to market.

[Translation]

We support rural economic development and entrepreneurs, including women, indigenous peoples, francophones and persons with disabilities, through the Western Canada Business Service Network.

[English]

As a regional development agency we are called upon to deliver a number of programs and initiatives outside of our core funding. For example, in Manitoba we're currently delivering on a number of federal budget commitments, such as the Canada 150 infrastructure program.

One of our strengths is our ability to convene and partner with key stakeholders on a number of issues. I have an example.

[Translation]

We worked in partnership with provincial and local governments, as well as the private sector, to tackle our distances to markets with the establishment of an inland port, CentrePort Canada in Winnipeg, which offers truck, rail and air access and connections to the Pacific Gateway, the east via Thunder Bay, the United States and Mexico via the mid-continent corridor.

[English]

Our cold weather is now a competitive business advantage. We have worked with key aerospace companies to establish two cold weather testing facilities, one in Thompson and the other in Winnipeg. This has led to an expansion of test capabilities in the creation of an aerospace engine redesign facility. GE Aviation, StandardAero, Rolls-Royce, and Pratt & Whitney have made significant investments in the province and, along with our post-secondary education, research, and local business partners, have developed expertise here that's unique in North America.

Labour shortages are being addressed in partnership with industry and our indigenous training providers. The Neeginan aerospace training centre works closely with local industry to determine labour and skills needs. Training is tailored and developed to meet those needs. On average, about 80 indigenous students graduate from Neeginan each year, and 85% secure employment with participating employers.

In innovation and manufacturing, the abundance of agricultural biomass is being transformed from a waste material to wealth. This serves as a foundation for the biocomposites industry, which supplies biofibre materials to fabricate stronger and lighter vehicles, including a sustainable supply for Manitoba's vehicle manufacturing and aerospace sector. WD's investments in the Composites Innovation Centre supported innovation in advanced composite research. There are opportunities in Manitoba.

One of WD's greatest strengths is its flexibility to respond to the vastly different economic realities, business opportunities, and economic barriers in each of the four western provinces. We maintain strong, responsive relationships and engage local leaders and decision-makers in creating projects and building partnerships collectively. We call this our "convening and pathfinding" role. Our success is underpinned by our ability to bring the difference-makers in our community together to strengthen key sectors, ensuring they remain competitive internationally.

We will continue to take advantage of opportunities and address Manitoba's challenges by continuing to develop value-added to our natural resources; to invest in our labour market and in initiatives that address the needs of employers and increase participation in our vibrant and young indigenous population; to support economic development in northern and rural communities; to support initiatives that improve business productivity and innovation; to support Manitoba's small and medium enterprises in their efforts to diversify and deepen their export markets; and, to advocate on behalf of western Canadians.

• (1730)

[Translation]

We have accomplished a great deal and we have more to do.

[English]

WD Manitoba will continue to work with partners moving forward to provide a prosperous future for Manitobans.

Thank you.

The Vice-Chair (Mr. Ron Liepert): Thank you very much.

I believe we're going to start with Mr. Falcon-Ouellette for five minutes.

[Translation]

Mr. Robert-Falcon Ouellette: Ms. Guimond, thank you for coming here today. It is greatly appreciated.

I will ask some questions about the indigenous companies that you have funded. Apart from the Canada 150 component, how many companies have you really funded over the past years?

Ms. France Guimond: I will answer your question, but I would first like to say why the issue of the indigenous population in Manitoba is so important. Sixty per cent of young people live out west, but 17% of Manitoba's population are young indigenous people. So we cannot afford to ignore those young people.

We have invested in job creation through the Community Futures Development Corporation. We have six indigenous community futures development projects. In 2015-16, we created and maintained 226 jobs. We made 55 loans to the tune of \$2 million. They are small loans, but they are very important to the rural and indigenous communities.

[English]

Mr. Robert-Falcon Ouellette: I was just wondering how long those—

The Vice-Chair (Mr. Ron Liepert): Excuse me. Because the bells are now ringing, we need to get consent from the committee to continue.

Do I have consent from the committee to continue?

Some hon. members: Agreed.

The Chair: Thank you.

Mr. Ouellette.

Mr. Robert-Falcon Ouellette: I was just wondering how many of those jobs were long-term jobs.

Ms. France Guimond: Our understanding is that these are long-term jobs, but they're sustained by other things as well. We have 46% of the Métis living in Winnipeg as well, and that represents 6.5% of the population.

Our CDEM, our *Centre de développement économique*, helps them create jobs as well. There are long-term jobs.

Also, when I think of WD, we do investment, but we also do convening. We do some of that through Vision Quests, and those help to sustain those communities.

Mr. Robert-Falcon Ouellette: Do you go into smaller communities to inform them of the opportunities with the western development agency?

Ms. France Guimond: Yes, we do. We work through our Community Futures corporation and our Francophone Economic Development Organizations to go into those communities and inform of the program. We also do—

Mr. Robert-Falcon Ouellette: Okay. The funny thing is that I often meet individuals who have started a business on their own and have no idea that any of these services exist. They don't know that the BDC exists. They don't know that the western development agency exists and that they could get a loan to get an ice cream machine in order to start a restaurant or a bakery in their own community. They do it by themselves. They start off very small, but they could move faster and easier. I just wonder what exactly it is you do to tell people that you exist.

Ms. France Guimond: First of all, every time we do a launch of a program—for example, our western innovation program—we do an outreach email to all our network partners, and they do communicate that through the whole Manitoba region. We also work with all the non-profit associations to spread the message that the programming is available, and—

• (1735)

Mr. Robert-Falcon Ouellette: I was talking to the CRA. I was wondering what type of programming they do for taxation. They actually have a new program and are going into the communities and doing presentations. They fly into a number of the communities throughout the year. By themselves, really, they ensure that people have this information and know how to fill out their taxes. Obviously, sometimes they get a good response and sometimes they don't, but they don't leave it up to others to do that.

I'm just suggesting—it's not a reproach or anything like that—that I think there are other examples of great things that are being done in the federal government that could be done by you as well in order to increase that impact and the ability to make a change in people's lives.

Anyway, I know my time is probably up now.

The Vice-Chair (Mr. Ron Liepert): You have one more minute.

Ms. France Guimond: They're very good points. In terms of leaving it to others, our network partners are funded by WD, but we do provide information sessions as well. With our Community Futures corporation, our officers go into the communities and talk about our programs and services as well. I agree that the face-to-face, on-the-ground presence is the most effective one. In WD, that's where we try to have the most impact. There is absolutely always more to do, and we try to have as much of an impact as possible.

[Translation]

Mr. Robert-Falcon Ouellette: Thank you very much. You are very kind.

[English]

The Vice-Chair (Mr. Ron Liepert): Thank you.

We'll move to Mr. Aboultaif.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Thank you very much for this presentation.

First of all, how much of an operating budget do you get?

Ms. France Guimond: Do you mean for the department?

Mr. Ziad Aboultaif: Yes. How much is it?

Mr. James Meddings: It depends. If you separate out the special programs on infrastructure that we're asked to deliver, our core budget is about \$127 million a year.

Mr. Ziad Aboultaif: Okay. The exports represent about 25% of the total GDP. Most of that, about 70%, goes to the United States, with the rest going to India and China, so you are dependent mostly on exports. You mentioned that you're not fully satisfied with interprovincial trade and you'd like that to be increased or improved. How do you see that happening? How is the government going to help you achieve that?

Ms. France Guimond: I think one of the first steps is that the Province of Manitoba has just joined the New West Partnership, so I think that will absolutely help with some of the challenges we have interprovincially. That's an area in which there could be real improvement.

Mr. Ziad Aboultaif: You are the Canadian province that is least dependent on the resource sector, which is good news given the volatility of the markets right now. How much were you affected by the downturn in the oil sector and the energy sector at large?

Ms. France Guimond: Actually, Manitoba was not very negatively affected by the downturn in the oil sector. We were affected a little in the southwest of the province, but that hasn't had a huge impact, which is the positive thing about having such a diversified economy.

Mr. Ziad Aboultaif: What other sectors of the economy do you think could improve your position on trade and bring in more revenue to your province?

Ms. France Guimond: Agriculture certainly could. That would help improve trade.

Of course, Manitoba is known for our aerospace and manufacturing sector. That's huge. It contributes \$1.5 billion to the Canadian economy, and it creates 5,000 jobs in Manitoba, very good jobs.

Certainly, I'd say those are what come to mind as the biggest sectors.

• (1740)

Mr. Ziad Aboultaif: You spoke also about the labour shortage. You would like to bring in more people. You have a very young indigenous community, which is also good news. How are you planning to fill those gaps in the labour market?

Ms. France Guimond: I think we should continue to invest in projects like the ones we're doing to train people, and we should do that with industry. I always say that one of the great things we do is to make sure there is industry pull. For example, when StandardAero and Magellan came to us and said they had a shortage of skilled technicians and it was keeping them from competing on the world stage, we got together with the post-secondary institutions and the province. For example, we put together the Centre for Aerospace Technology & Training.

Innovation is important, absolutely. We have to keep innovating and investing in skills development projects, and we have to keep doing more of the things we're doing. Innovation is key.

The Vice-Chair (Mr. Ron Liepert): Thank you.

We'll move to Ms. Ashton.

Ms. Niki Ashton (Churchill—Keewatinook Aski, NDP): Thank you so much for being here.

First, I want to acknowledge the important work done by Community Futures. They're very present in many of our communities in the north. I appreciate the good work they do.

I also want to acknowledge that Western Economic Diversification Canada in recent years has certainly sustained some of the deepest cuts out of all the regional development agencies. I hope that's something that will be addressed by the new government.

Ms. Guimond, in your presentation, you referred particularly to what my part of the country, my home, northern Manitoba, is going through. I do have a couple of questions on that.

Given that your work focuses on Manitoba, I'm wondering if perhaps you could share briefly how serious the situation is, given the recent announcements of the Port of Churchill closure, the Tolko closure, the insecurity of the 777 Mine in Flin Flon, the potential insecurity in the value-added jobs in the Thompson area, and also the withdrawal of the East Side Road Authority. Perhaps you could reflect on what that means for us as a province, as you see it.

Ms. France Guimond: I'll start with your first point regarding the critical situation in northern Manitoba at the moment.

Certainly the north has a lot of advantages, but it has a lot of challenges, as I mentioned in my opening remarks: isolation, unemployment, lack of alternative employment, and social issues. Through the years, WD has been doing significant work on the ground. I'll mention some of the examples, from The Pas to Churchill to Thompson, where we've helped, always in collaboration with partners.

For example, there's the environmental aerospace testing facility in Thompson, which has helped put aerospace on the map. We've done work in establishing the Northern Manitoba Sector Council so we can do projects, again, for skills development and in the mining industry. We also work with the University College of the North. All of those things are being done. Of course, I go back to our Community Futures Corporation and all the great work that the five communities are doing in the northern region to help address these issues.

I will speak to the point on Churchill. It is a critical time at the moment. Our department has been very active. My deputy minister has been up in Churchill. He has been chairing the weekly calls with the northern delegation, which is a consortium of industry leaders, mayors, and indigenous communities. They took the call to action, the first step, wanting to save the shipping season, but are now turning to what we can do immediately to help the community. Our immediate focus has been on the community, on what we can do for the people who have been unemployed, or are unemployed because of the situation, in a kind of a whole-of-government approach in the sense of supply of food and making sure they have—

Ms. Niki Ashton: I'm sorry to interrupt. I am familiar with this work. I want to pick up on that point, because I'm aware that time is pressing.

You mentioned "whole-of-government". Many of us are aware that Western Economic Diversification is on the ground, connected in Churchill, and also in The Pas, with the recent announcement from Tolko. The question for many of us is, who else is on the ground? Do you see a greater role for the federal government, and for other departments as well, to be part of some of the solutions that we need? There are issues in terms of EI. There are certainly issues going forward in terms of potential first nations ownership, which would involve, obviously, INAC and other departments.

Given your role and WD's role in seeing how we can all partner, is there a greater role for the federal government, as well as other partners? Is there a greater role for the federal government to play in helping us to find solutions on the ground?

• (1745)

Ms. France Guimond: For the long-term solution, yes. In the immediate, I think that's what we do. We're on the ground. We do the coordination role of the federal department, so yes, we are in contact with INAC. We're in contact with Transport. As you say, it leads across a whole lot of departments.

There's no immediate solution to OmniTRAX and the port, so we're concentrating on the community for the time being. Then, long term, absolutely, it's a role of government. We have engaged and are really working together on finding a long-term solution, but with the community, because it's so key. They have a tremendous number of assets. They have Arctic research, they have tourism, they have—

Ms. Niki Ashton: But without sustainability.

The Chair: I'm sorry, Niki, but we'll have to cut you off there.

We have time for about two more questions. We have 15 minutes before the vote.

We'll turn to Mr. Sorbara for four minutes.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome.

I have a quick question on the success in helping SMEs, in investing in SMEs in Manitoba and helping them commercialize some products or innovations that they've come up with, or some partnerships that you may have entered into. Can you just provide some colour on that front?

Ms. France Guimond: Excuse me?

Mr. Francesco Sorbara: Please provide some colour on that front, some commentary on helping SMEs in Manitoba, helping them commercialize innovations that they may have come to you with or that may require some capital for them to succeed.

Ms. France Guimond: The western innovation initiative has helped some small and medium-sized businesses in Manitoba to commercialize their products and access markets. The innovation ecosystem in Manitoba has its challenges, access to capital being a big one. We got that intel after the first call for proposals, so we really have stepped up and reached out to a lot of organizations in the province, and to the province itself, first of all to try to help SMEs become aware of the program and to do those information sessions and help them apply.

Mr. James Meddings: The WINN program is delivered across all four western provinces, as you know. We get a tremendous number of applications and proposals from British Columbia and Alberta, a smaller number from Saskatchewan, and the least from Manitoba. As my colleague was saying, we've been trying to find ways to get that message out and across that this program is available, but in terms of scale, it is still a very small program. We've only managed to support 51 projects under two intakes. It's about a \$50-million spread across those 51 projects.

There's always a question of scale and impact. While we're responding in that program to what we believe is the necessary provision of patient capital for people who have a good idea to take from the workbench to the marketplace, and that's what we're trying to do, we are being inundated with good proposals from B.C. and Alberta, and we don't have enough coming from Manitoba and Saskatchewan. Again, on that program, of the 51 we've received, we can only really support one of eleven applications we receive. There's a high demand, a huge demand, for this. We just can't cover it with our present funding.

Mr. Francesco Sorbara: That was one out of every eleven?

Mr. James Meddings: One out of every 11 so far in our first two intakes. It may come down. We've just completed our third intake and Minister Bains announced one of those successful projects yesterday in Vancouver. You'll see more of those announcements coming out in the next few days. I would believe that if all goes to plan that ratio might come down, but not significantly. It will still be one in nine or one in ten.

• (1750)

Mr. Francesco Sorbara: Okay.

The Chair: You can have quick one, Mr. Sorbara.

Mr. Francesco Sorbara: How robust has the uptake been on the Canada 150 community infrastructure program in terms of applicants?

Mr. James Meddings: Generally for the west or for Manitoba?

Mr. Francesco Sorbara: For Manitoba specifically.

Ms. France Guimond: In Manitoba we received a number of applications. We're always oversubscribed in that. We had 363 applications in Manitoba alone. Again, as James mentioned, we are usually very oversubscribed.

The numbers are one thing when we talk quantity, but the quality is another thing. The story is that because of the amount of funding we have, we leave a lot of really good projects on the table, and that's the reality of what we live with.

The Chair: Thanks to both of you.

Mr. Liepert.

Mr. Ron Liepert: I have one question. It follows up on what my colleague asked earlier. I think, if I got his question right, that you might have misunderstood what he was asking, so I want to try to ask it in a different way.

There is a common belief that the manufacturing industries of central Canada will significantly feel the impact of low commodity prices in the rest of the country. I ask the question, do you not see an impact to Manitoba's manufacturing base with the downturn in the commodities of the other western provinces? It's not a question of whether Manitoba is suffering from a downturn in commodity prices; it's a question of whether the manufacturing base of Manitoba has taken a hit because of low commodity prices and low purchasing power elsewhere in the country.

Ms. France Guimond: Yes, there will be a hit in manufacturing, absolutely. It will affect it.

Mr. Ron Liepert: Have you seen it?

Ms. France Guimond: Have we seen it? We've heard it. Do I have the evidence-based in terms of that? No, but when we talk to individuals on the ground, yes, absolutely.

Mr. Ron Liepert: Thank you.

The Chair: Thank you. We do have to go to a vote.

Thank you, Ms. Guimond.

Do you have any last points that you want to raise? I think we heard the question about how there's not enough funding to do everything you have to do. Is there any other thing you can think of that would be useful for us to know in terms of encouraging economic growth through WD Manitoba?

Ms. France Guimond: Well, if I had my last wish... I guess when we're looking at opportunities for funding small and medium-sized businesses in the west, I look at them in this way. They're a vehicle and they bleed over into all sectors. If you talk about small and medium enterprises, you have indigenous, you have clean tech.... It affects clean tech, aerospace, and agriculture. Access to capital would help SMEs, and they need help with HR resources in terms of skills and access to HR resources, and they need help to reach new markets. If we're looking at a vehicle in terms of helping SMEs and the economy, I think that's where I'd put my number one.

I thank you very much.

The Chair: Thank you very much for that input. We will suspend until after the vote.

•(1750) _____ (Pause) _____

•(1850)

The Chair: We'll call the meeting to order and reassume our hearings on pre-budget consultations.

We have the Atlantic Canada Opportunities Agency, Nova Scotia section, with us today. Peter Hogan is vice-president and Mr. Maillat is director general of regional operations for ACOA in Nova Scotia.

Welcome, gentlemen. I think it's been stated to you that we're looking at economic growth as part of our theme. Regional development agencies are an important part of that.

The floor is yours, and then we'll go to questions.

Mr. Peter Hogan (Vice-President, Nova Scotia, Atlantic Canada Opportunities Agency): Mr. Chairman, committee members, good evening.

[Translation]

Thank you for the opportunity to speak today.

[English]

I am joined by Mr. Chuck Maillat, the director general of regional operations.

As you heard from my colleagues yesterday, ACOA is the regional development agency responsible for building and promoting Atlantic Canada's economy. The agency provides programs and services that support innovation, productivity, and diversification. Through its proactive engagement, ACOA is able to respond swiftly to economic changes and emerging opportunities.

The region does, however, face a number of challenges, and ACOA is addressing them. Key among these are shifting demographics, labour force participation, the attraction and retention of immigrants, productivity and the commercialization of research, and also growing the base of exporters. There are no easy fixes, but sustained effort based on sound policy analysis is helping to make inroads.

I'd now like to turn to Nova Scotia specifically. At just under a million people, the province has the largest population in Atlantic Canada. With more universities per capita than any jurisdiction in the country, it is recognized internationally as a centre for higher learning. For example, Cape Breton University in Sydney welcomes about a thousand students per year—about 30% of its student body—from over 40 countries. There are similar situations at the other Nova Scotia post-secondary institutions.

The province is also becoming known more and more as a start-up hub. One thing I want to point out is that there's a direct link between high-quality education and a skilled workforce in information and communications technology, life sciences, and clean technology. Graduates are developing innovative solutions to real-world problems and driving growth.

This start-up ecosystem is connected to a national network, attracting funds and venture capital. In fact, Startup Canada just recently presented the agency with its Atlantic entrepreneur support award. It recognizes the work ACOA does with organizations such

as Volta. Volta is a Halifax-based start-up house that helps develop businesses with high growth potential.

There's also a growing global awareness of the importance of our oceans. In the 1920s, Nova Scotia's Alistair J. Campbell coined a phrase concerning the province: "Canada's ocean playground". It's had a very strong brand recognition ever since. But of course the ocean is much more. With one of the highest concentrations of oceans-related Ph.D.s in the world, this sector presents significant opportunities. Already the sector employs about 35,000 in Nova Scotia, and accounts for \$4.5 billion, or about 12%, of the provincial GDP.

Recently the Ocean Frontier Institute received \$94 million from the federal government, providing strong momentum to this sector. I might add that in addition to Dalhousie, Memorial University of Newfoundland and the University of P.E.I. are also key partners. This investment will help accelerate scientific understanding and the commercialization of new products and services.

Increasing the number of Nova Scotian export-ready businesses is critical. Opportunities exist across a broad spectrum, including such traditional sectors as fisheries and agrifood, where the focus really is on productivity improvements and value-added product lines.

There are, of course, some new sectors, such as clean tech, building an international presence and capturing market share. One example is CarbonCure, based out of Nova Scotia, which is in the process of signing deals with industry leaders. They're essentially a technology firm. They retrofit concrete plants with a technology that recycles carbon dioxide waste to make stronger, affordable, greener products.

Membertou First Nation has created a strong business foundation that is paying significant social and economic dividends for the community in Cape Breton and beyond. In fact, later this month Membertou is hosting the Nova Scotia Mi'kmaq Energy and Innovation Summit. Here businesses will be able to speak directly with representatives from all 13 of Nova Scotia's Mi'kmaq communities.

In the tourism sector, a new dynamic is emerging that resonates with travellers seeking authentic cultural experiences. Visitors with discerning palates can experience locally produced foods prepared by acclaimed chefs and paired with award-winning Nova Scotia wines. This culinary tourism, while relatively new, is showing great promise.

•(1855)

Through direct financial assistance, advocacy, and the ability to leverage knowledge and resources, ACOA is making a difference.

For instance, with the agency's recent contributions to L'Arche, both in Cape Breton and in Wolfville, those two projects are strengthening inclusive social enterprises. With community support, adults with developmental disabilities are participating more fully in the economy.

With the recent introduction of the Atlantic growth strategy back in July, the region is ready for concerted action. Its five pillars—skilled workforce and immigration, innovation, clean growth and climate change, trade and investment, and infrastructure—will support the agency's activities and engagements going forward.

The agency will continue to build on its strong relationships with communities, businesses, and provincial and municipal governments to develop the province's competitive advantages and make a real difference to the economic landscape.

Thank you.

The Chair: Thank you, Mr. Hogan.

Turning the first series of questions, we have Mr. Sorbara, for five minutes.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome.

I want to make a personal comment. Nova Scotia is dear to my heart because my parents came through Pier 21 when they first immigrated to Canada. I look forward to visiting Pier 21 when I have an opportunity in the not-so-distant future.

At the beginning of your presentation, you spoke about innovation, productivity, and diversification. I want to get some broad commentary on how you feel you're progressing within the province and in ACOA in helping to diversify the economy. You pointed to CarbonCure and the Ocean Frontier Institute. Is there anything that you feel you would like to add that is of value?

Mr. Peter Hogan: Just to expand on that, innovation, productivity, and diversification are very much at the forefront of the work that ACOA does. Through our various programs, that's the focus: improving a firm's productivity and helping them diversify into new markets. That's really a thrust of a lot of the work that ACOA does. We have some independent studies and evidence as well, which shows that ACOA-assisted firms are in fact significantly better in terms of their labour productivity and the outcomes they're achieving.

That includes some support in some of the traditional sectors, such as agriculture and the fishery. The support we're providing to the companies in those sectors is really helping them improve their productivity so that they can capture new markets and grow beyond where they are. As well, a lot of those enterprises are based in rural areas, which means that we help to create additional employment opportunities for individuals in the rural areas.

• (1900)

Mr. Francesco Sorbara: I'm curious. What is your time horizon to stay with an SME? Is it a multi-year commitment that you'll make with them, or a single two-year commitment? If it's an accredited facility, will you just renew the commitment over a two- or three-year period?

Mr. Peter Hogan: It varies, but typically it's a long-term commitment. We might provide some assistance up front in terms of helping a company to acquire new equipment, maybe undertake some marketing activities, or perhaps get certification to enable them to bid on other contracts. Typically, they might come in initially and we might support them on one or more of those initiatives. Then our

account managers, who work very closely with those companies, continue to engage with them on a regular basis. As they progress they might approach us at some later date to take on a new initiative.

One of the key things that our staff do—and our account managers are very skilled—is to focus on building a very strong relationship with their clients so they can really understand what their needs are, provide some advice, and help them better identify some of the tools that not only ACOA has. They also work in concert with the Province of Nova Scotia and other federal agencies. It is very much an ongoing relationship.

Mr. Francesco Sorbara: Last, what would be your planned spending for this fiscal year?

Mr. Peter Hogan: For ACOA Nova Scotia, our grants and contributions, that is, our assistance to both communities and companies, commercial enterprises, are approximately \$70 million. That's consistent with where it has been over the past couple of years.

The Chair: Thank you, Mr. Sorbara.

We're turning to Ms. Raitt.

Hon. Lisa Raitt: Thank you very much for coming. I'm glad that you feel an attraction to Nova Scotia. I have one as well. I was raised in Cape Breton.

I have a few specific questions and then a general philosophical question, if you would help me out on that.

On the specifics, it has to do with some program files. You'll forgive me if I ask you whether or not you're any closer to making decisions on these files. They were brought up to me when I was out east this summer.

The first one is the Port Hawkesbury Airport. I understand they're still waiting to see whether or not they're going to be getting their navids. The second one is the Cape Breton Drag Racing Association, which is still waiting to hear from you regarding a lease. The third one is the Margaree Airport in regard to the proposed paving of the strip up by Inverness.

For those three, perhaps you can give me an update, and then I'll ask the larger philosophical question.

Mr. Peter Hogan: Sure. On a number of those particular projects that you mentioned, we continue to have discussions with the principals involved. We'll continue to work with them and hopefully come to a decision fairly soon.

Hon. Lisa Raitt: That would be very helpful, because all of them feed into greater infrastructure, as you know, including transportation. Infrastructure really is the bedrock of making sure that we can get people in and out of Cape Breton and having those pieces is really important.

The bigger philosophical question comes from an anecdote. I've grown up all my life with ECBC, DEVCO, and ACOA, and now it's ACOA, and ACOA has control of everything. My concern is that when I talk to people who want to start a small business, bring forward an innovative idea, or start a service company, everything starts with the first question, "How much money did you get from ACOA to start this business?"

Are you stifling private investment in that part of the country? Does everything have to start with an ACOA grant before the private sector decides to come to the table? Is it your yes or no that determines which are winners and losers in investment? This is going back long years, but I'd love to get your perspective on whether or not you're seeing private sector investment actually increase in Nova Scotia companies over the period of time that ACOA has been extremely active.

•(1905)

Mr. Peter Hogan: Thank you.

It's our experience with virtually all the projects from the companies that we support that our financing is one part of the package. It might be 50% or it might be 25% depending on the individual project. In many cases, either the business itself has provided the additional financing, or it would be getting private sector sources of financing, be it from a bank or elsewhere. Also, some of the start-up companies in the ICT sector in particular have been very successful at raising outside capital.

In a lot of cases, those dollars would just be matching what we're providing, and angel investors or venture capital are providing assistance. They're demonstrating their comfort and support for the company's product or service.

Hon. Lisa Raitt: So you don't think government investment squeezes out private investment in Nova Scotia? What you told me, which makes sense because that's all you probably know, is that in your experience the deals that you're involved in have private sector investment. I think that's true, but my point is that there are a lot of deals that don't get ACOA investment.

Are there 100% private interest or private investment companies that can make it in Nova Scotia without ACOA giving them the nod?

Mr. Peter Hogan: We're not involved in every project, every company, or every initiative that happens. There are a number of cases, certainly, where it might be totally privately funded. Yes, companies and organizations do look to ACOA for support, but we're not funding every project or initiative that's out there. I don't have figures on the total number of deals, but it would be a smaller subset that we're participating in.

Hon. Lisa Raitt: Is there a body or an organization in Halifax that would keep track of deal churn, of how many deals are actually happening? I'd like to know what percentage of these deals start and end with ACOA funding. Is there an investment group? I know that *Entrevestor* does some stuff like that, but I don't know whether or not they keep tables.

Mr. Peter Hogan: Yes, they keep track. *Entrevestor* very much focuses on the start-up sector and ICT in particular. They track the number of start-ups. Peter Moreira looks after that. A number of the companies that he portrays in his columns and in his annual analysis are not all necessarily ACOA clients. They're getting private sector investment from venture capitalists, angel investors, or other sources.

Hon. Lisa Raitt: Thank you. That's it.

The Chair: Thank you.

On that, I had a meeting with the Nova Scotia government a while ago. One of their concerns was the turnaround in terms of how long it takes to get a project through. Do you have any information on

what the results are in terms of how long it takes from the time an application goes in to the time it comes out of the system? Can the system be speeded up so that answers are granted?

The second question is related to what Ms. Raitt was talking about: the ability to get enough capital. I believe Nova Scotia is moving ahead. They have issued an RFP, I believe, for a funding arrangement administered by the private sector that would provide funding up to a pool of \$25 million or some such thing.

Could you give us information on both of those?

Mr. Peter Hogan: Yes, Mr. Chair.

On your first question, we do have a service standard. For our business development program, our standard is a decision on an application within 75 days 90% of the time. That's the standard for the entire agency. We're very strong in Nova Scotia in terms of turning projects around on a timely basis.

With respect to your question, yes, it's true that the Province of Nova Scotia is in the process of issuing an RFP. They'll be contributing \$25 million, I believe, and the hope is that it will attract additional funds from private sector and other investors. That will be a pool of funds that will be available for investing in companies in Nova Scotia and beyond.

Over the past couple of years, a number of new funds have been established in Nova Scotia and in Atlantic Canada, and I think that speaks very much to the investment opportunities. Also, from a private sector point of view, that speaks very much to the growth that we see in start-up companies, particularly in the ICT sector.

•(1910)

The Chair: Thank you.

Mr. Caron.

[*Translation*]

Mr. Guy Caron: Thank you very much, Mr. Chair.

My thanks to the witness for his presentation.

[*English*]

I actually had some questions in line with what Ms. Raitt asked. I think you're the eighth presentation we've had in two days, but I don't recall an agency or a section of an agency coming here and talking to us about venture capital the way you have.

You're saying that venture capital and start-ups are on the rise and that a variety of sectors where there will be future industries are very promising in that way. I want to know how you are fostering the links you have with venture capital. Are venture capital firms successful on their own? Or do they need the contribution and help of ACOA to succeed?

Mr. Peter Hogan: Thank you for the question.

We are doing a number of things to increase the amount of private sector investment that's coming to Nova Scotia in particular. One of the things that we've had for four years running now is the Atlantic Venture Forum, which is held once a year in June. As part of that, we'll have a number of companies that will make a pitch, an elevator pitch, with their product or service. They'll give a quick overview. As part of the Atlantic Venture Forum, we invite angel investors and venture capitalists from several different areas—not just from Canada, but beyond—to be in the room. They come there to see what kinds of companies there are in Nova Scotia, and not just in Nova Scotia, but throughout the Atlantic region.

They're there to see some of the opportunities that we might consider making an investment in. We're not directly supporting those venture capital or angel investor companies. They're coming on their own because they're looking for new opportunities. It might be that in some cases we may have an investment in one or more of those companies, but the investors are there because they've seen the product or the service and they say yes, that's something they're willing to make an investment in.

Mr. Guy Caron: The one we had earlier tonight was very interesting. I believe it was from the Prairies. Saskatchewan said they had problems in terms of research and development and attracting capital, while in the case of Nova Scotia it seems to be the opposite.

Do you have conversations within agencies on best practices or on what makes you successful that you could share with other agencies or a part of the agencies?

Mr. Peter Hogan: Yes, there are regular discussions among the RDAs in Canada, the regional development agencies, to talk about best practices. Those conversations do take place.

To come back to your earlier point, I want to stress while we've had some success with start-up companies and attracting outside private investment, it's a relatively recent phenomenon, so we still have a way to go to see that take off. But to date, we've had success.

In my opening remarks, I mentioned Volta. It's a physical space that provides mentoring and coaching support for start-up companies. Volta has been in existence for about three years. They've graduated 29 companies, and those 29 companies have raised a total of \$30 million in equity investment from private sources. There are some public sources in there, but there are a lot of private investments.

• (1915)

Mr. Guy Caron: I'm the critic for ACOA for the NDP and I did a tour of Atlantic Canada. I asked your counterparts this question, and I'm asking you as well.

Something I heard about from ACOA public servants was a concern that with the new structure, with the centralization and the elimination of the ministers of state for the various agencies, there will be a shift in the culture that might be problematic. I'm just reporting to you what I heard. The main concern seems to be that, instead of ACOA determining the needs and making suggestions up to the minister and the department, it might become more focused on implementing programs that would be decided higher up and then come down.

I'm just summarizing and explaining very quickly here, but that seems to exemplify the concerns and the fears. What do you have to say about this? Is this something that you heard on the ground as well? Is it something that has been shared with you?

Mr. Peter Hogan: It's not an issue that has been brought to my attention. I think the current structure helps us to be aligned with the overall priorities within the Department of Innovation, Science and Economic Development. In fact, many of the priorities.... I referred to the Atlantic growth strategy earlier on, which involves all four Atlantic provinces as well as the federal government. The priorities that are identified in there, such as innovation, trade, and investment, have been long-standing priorities of ACOA, so we continue to focus very much on them.

I think the opportunity for us in terms of being within the ISED portfolio is that it helps us to have a sharper focus on identifying those areas that need more work. From my vantage point, ACOA is still based in Atlantic Canada, and we continue to focus very much on the clients we serve.

Mr. Guy Caron: Thank you.

The Chair: Thank you, Guy.

Mr. Grewal, you have five minutes.

Mr. Raj Grewal: Thank you, Mr. Chair.

Thank you to our witnesses for being here today.

I have a quick question. You mentioned in your opening remarks that Nova Scotia is starting to become somewhat of a start-up hub. What percentage of your funding is going to start-ups versus small and medium enterprises? I'm assuming that very little is going to multinationals.

Mr. Peter Hogan: Yes. Again, thanks for the question.

It varies from year to year. If we happen to have an unusually large project, the percentage can be greater. In some years, we might see upwards of perhaps 15% or 20% of our investment going into start-up companies.

If I could just dwell on start-ups, too, the definition is.... In terms of what we're investing in and what start-ups are, they are not necessarily always starting from zero. Some of them may be a little more advanced. The amount of assistance we're providing to start-ups really does vary.

Mr. Raj Grewal: There is a sweet taste of success with a company that got funding from ACOA in Nova Scotia. The company's name is Acadian Maple. It's a pretty cool story. They make maple syrup. It's a family-run business. You guys helped them out and now they're serving all the maple syrup to every Starbucks in Switzerland. In my humble opinion, that is exactly what the economic development agencies are all about, because you're giving small companies like Acadian Maple an opportunity to do business all around the world.

In your opinion—and I'm sure you guys have these statistics—for every dollar you've invested, how much is the return in Nova Scotia?

Mr. Peter Hogan: There have been independent analyses done with the assistance of Statistics Canada for the support that ACOA provides. Roughly, it's about \$5.40 for every dollar that we've invested, that is, \$5.40 in increased GDP for the region.

Mr. Raj Grewal: I think that's phenomenal. It's a great number.

How many projects do you guys turn down?

Mr. Peter Hogan: Typically, what we do if a client or a company approaches us looking for assistance is that we'll work with them to help shape the proposal and ensure that it meets our criteria. What we try to do early on if there's not a fit, or if there are some significant gaps that the company needs to address—for example, they might not have their share of financing or they might need to do some more work in identifying a market—is that we'll steer them in that direction.

In some cases, we might be able to assist them with undertaking a marketing study. Rather than just have the applications come in and then say they don't make the cut, we'll sit down with them and say “Look, at this stage, this is what we suggest in terms of how you might proceed.” Maybe we can help with undertaking a marketing study or doing some other work like that.”

• (1920)

Mr. Raj Grewal: How long does it take for a company that meets all your requirements, has a good business plan, and is probably already doing business...? Let's take Acadian Maple, for instance. How long did it take for them to get their application processed and money invested in their company?

Mr. Peter Hogan: That would go back to our service standards. In terms of a business development program for a commercial enterprise like Acadian, our service standard is 75 days 90% of the time.

Mr. Raj Grewal: That's pretty good.

My biggest emphasis on why we need economic development programs is that you guys have a good understanding of the regions you represent and you work with. In your opinion, is your budget adequate for the projects that are coming in? My other question is, if we were to increase your funding, would you be able to hit the same metric of \$5.40 in increased GDP?

Mr. Peter Hogan: To date, it's certainly been my experience in Nova Scotia that if there is a good project, if they're seeking ACOA funding, and if it meets the criteria, then there are very few cases, if any, where we've not been able to support that. If the decision was made to provide the agency with additional resources, could we utilize those funds to focus more on innovation and diversification? Absolutely.

Mr. Raj Grewal: Thank you.

The Chair: Thank you, Mr. Grewal.

I want to throw one thing in here if I could, Phil.

Mr. Phil McColeman: Go ahead.

The Chair: When you're looking at Nova Scotia—and I'm sure Lisa can relate to this—you can see that Halifax is booming, but that's not the case in either Cape Breton or in mainland Nova Scotia. How does ACOA Nova Scotia handle that?

When I look at the figures for Atlantic Canada—and I said this to the other ACOA reps who were here—I see that our productivity is the worst in the country when you look at the region as a whole. It's probably quite high in Halifax. We're having outward migration from rural Nova Scotia, but probably not Halifax.

There are quite a number of factors that are negative. How do you handle that? Do you see a difference between Halifax, Cape Breton, and mainland Nova Scotia? Where are you putting your thrust? You can drown in a river that's three inches deep, so sometimes when everything's going well in Halifax, everything looks good, but what about the rest of the province? That is what I'm asking. Is ACOA doing enough in that area?

Mr. Peter Hogan: Thank you for the question, Mr. Chair.

To start out, there are a couple of points I would make. We do have a significant presence. We, ACOA, are staffed outside of Halifax. For example, on mainland Nova Scotia there are approximately 12 people who are actually physically based and work with clients outside the Halifax area. As a result, that enables them to get a good understanding of just what the needs are in the rural areas, in the areas outside of Halifax.

In our Sydney office in Cape Breton, we have approximately 30 folks there, 30 staff. Again, they're very well positioned. By physically being based there, they have a good understanding of the issues and what some of the opportunities are.

We've made a concerted effort ourselves within ACOA Nova Scotia to ensure that we do focus on rural opportunities and to assist companies that are based outside of Halifax. One of the examples I mentioned earlier was in the agriculture and seafood sector. Most of those companies are based outside Halifax. The support we're providing to them will enable them—in a couple of cases recently with lobster processing companies—to produce a higher value-added product, to pursue additional markets. That really ensures the maintenance of jobs and, in a number of cases, the creation of additional jobs.

We are very much attuned to that. In addition, we do have our funding for communities through the innovative communities fund. Again, we work very closely with communities to identify opportunities, the things they can do to make their particular area more attractive to increase business or perhaps to assist young people in terms of getting a job in their community.

• (1925)

The Chair: Mr. McColeman.

Mr. Phil McColeman: Thank you, Chair.

What would the economic impact be of the completion of the pipeline, the eastern pipeline into Nova Scotia? What economic effect would you see for your region?

Mr. Peter Hogan: I don't have specific figures in terms of what the impact would be, but if a decision were to be made to proceed with that I know that a number of the companies in Nova Scotia that have a lot of experience in bidding on major projects and initiatives would certainly be very interested in it, and they would obviously look to create additional revenues and grow their workforces. I can't tell you specifically what the impact would be.

Mr. Phil McColeman: I'm not looking for a specific impact.

I've asked this question of every development group that's come to this table so far. I think there's a consensus, if I might say so, that it would be, in certain situations, either a huge boom for them or have very positive effects in terms of job creation and business expansion, and, in some cases, that it would even change the whole dynamic of their business environment today.

Where do you fall in that spectrum that I just gave you?

Mr. Peter Hogan: I would see it perhaps in the middle. I would see it as having a very positive impact, without knowing exactly what some of the requirements are. It's something that certainly is on our radar, as are other major projects, and we've assisted many companies. For example, we work with companies around the national shipbuilding procurement strategy, where we've arranged for industry days and made companies aware of the opportunities.

Should that project go ahead, we would probably look to say, what are the opportunities here and how can we maximize the benefits for the companies in Nova Scotia and Atlantic Canada?

Mr. Phil McColeman: You're talking like a politician. I'll take it that your answer is yes, it would have a positive effect for Nova Scotia.

Mr. Peter Hogan: Assuming that our companies are willing to step up and that their capabilities match the opportunities, yes.

Mr. Phil McColeman: Thank you.

That's it.

The Chair: Mr. MacKinnon, you'll have the last series of questions, I think, unless anybody has one or two more.

Mr. Steven MacKinnon: Thank you, Mr. Chair.

We have, as you've noted, heard from two of your counterparts, and I thank you for being here. I'm somewhat familiar with the Maritimes as well. I think the alignment with provincial governments on files like immigration and Atlantic growth is something that's coming through loud and clear.

Perhaps to take just a bit of a different tack with you, though, as I note with everyone, we're trying to find ways to squeeze more growth and more innovation out of the Canadian economy in every region of the country. What are the quick wins? What would be the quick wins for Nova Scotia?

• (1930)

Mr. Peter Hogan: I think that in Nova Scotia there are a number of opportunities. I've referred several times to the ICT sector, which is really enjoying tremendous growth. I think there's a lot more potential there. Again, in my opening remarks I talked about the number of post-secondary institutions we have. Really, there are a lot of students going through those programs who are well suited to that.

The life sciences sector in Nova Scotia is also very important with regard to the capabilities at Dalhousie Medical School. Again, I haven't talked too much about that, but there are companies that are doing very well in those sectors.

The one I would probably come back to—and again, I referenced it in my remarks—is the ocean sector. With the investments that have been made recently and announced around the Ocean Frontier

Institute, we really do see that as helping to jump-start the sector in Nova Scotia. On a global basis, the oceans are obviously of great interest and great importance. With the concentration of Ph.D.s at Dalhousie, we do see that as really providing great opportunity in the future.

If I might add one more thing, I'll again come back to the traditional sectors. There are tons of opportunities there. We've seen a real growth in seafood exports in Nova Scotia. In fact, seafood is now the number one export in Nova Scotia. It accounted for about 29% of our exports last year. There is a huge demand in Asia and other markets for that product.

In the short term, some of that stuff is already happening, and I see a lot of potential in the short term in those sectors.

Mr. Steven MacKinnon: From your perspective, what has been the follow-up? When I say “your perspective”, obviously there are parts of this that don't necessarily overlap with ACOA's mandate, but with the Ivany report I know that was a singular document presented not too long ago. From your perspective, what were the main takeaways for ACOA from it?

Mr. Peter Hogan: There were a number of things in the Ivany report. A follow-up group was established called the One Nova Scotia Coalition, co-chaired by the premier of Nova Scotia. Really, a couple of areas are already the focus of our work. One was on growing the number of exporters. We know that we had more work to do there and, as I mentioned earlier, there's a lot of potential to grow exporters. There's the ICT sector and the opportunity that affords. Again, I've mentioned it several times so I won't repeat it too much, but it really does offer a lot of potential.

Also in the Ivany report and the One Nova Scotia Coalition is the notion of providing more support in the early years as children grow up in terms of providing them with the right tools and skills so they can contribute to the economy.

Another thing in the Ivany report that Ray Ivany and his fellow commissioners focused on was about the attitude in Nova Scotia that we need to look and see what are the kinds of things we need to change, and how we can collectively take a positive approach to growing the economy.

If I might add as well, tourism was identified in both the Ivany report and the coalition. For example, in that case, a goal has been set to double tourism revenues. As some of you may be aware, it has been a tremendous year so far in Nova Scotia. In fact, in Cape Breton I think tourism is up by 14%.

The Chair: Thank you. You're right on time, Steve.

You had one question, Mr. Ouellette.

Mr. Robert-Falcon Ouellette: Thank you very much, Chair.

Could you describe in a little bit more detail the Membertou First Nation? I was really interested in this energy project, this Mi'kmaq Wind Company they have set up. Also, could you could talk about whether you have informed other areas of the country about this success?

Mr. Peter Hogan: The innovation energy summit is actually taking place next week, on Monday, and I'm participating in it. Part of the intent is to celebrate the success that a number of Mi'kmaq groups in Nova Scotia have had in terms of wind energy. Private sector players will be there as well.

If I may, I might turn to my colleague, Chuck Maillet, to speak to your question about Membertou and some of the other sorts of initiatives we're seeing from Mi'kmaq communities.

• (1935)

Mr. Chuck Maillet (Director General of Regional Operations, Nova Scotia, Atlantic Canada Opportunities Agency): Thank you very much.

Membertou in Sydney is a fairly robust first nation in terms of their economic development activities, and we've been partnering with them on a number of projects over the years. Last year, with all the first nations communities in Nova Scotia, I believe we probably did somewhere in the range of \$1.9 million on various projects and through various forums.

One forum in particular is the Mi'kmaw Economic Benefits Office, which all the first nations communities in Cape Breton work around. It's an organization that we fund to ensure the sharing of best practices, but also to ensure that the first nations communities have the proper skills and labour to take advantage of major projects as they come on board.

That's a very good practice that we're happy with.

The Chair: Thank you. That completes our hearings for the day.

We do have a wee bit of business. It's okay to stay in public session. We met as a subcommittee the other day, so we need to talk about that for a couple of minutes.

I'll thank you, Mr. Hogan and Mr. Maillet, for your presentation. We appreciate your coming to Ottawa, giving your presentation, and answering questions. Thank you very much.

Mr. Peter Hogan: Thank you very much.

The Chair: In regard to the business, it relates to your letter, Mr. Caron, and I think people have the letter to me from the law clerk. We looked at that as a subcommittee yesterday. The recommendation from the law clerk relating to the *sub judice* convention was that the document prepared by Procedural Services and the Office of the Law Clerk and Parliamentary Counsel on the *sub judice* convention not be made public, but that all the other letters be made public.

Is there agreement from the committee to go that way?

Some hon. members: Agreed.

The Chair: Agreed?

I think that helps you in terms of the recommendations you were talking about.

Secondly, we need the recommendations for the CRA report tomorrow. If they come in translated, we're okay until tomorrow evening, but if they're not, we need them very early in the morning. Please be aware of that.

The last point I would make is that we need witnesses for the Territories and the Newfoundland and Labrador hearing.

Do you know the date of that?

The Clerk of the Committee (Ms. Suzie Cadieux): It's probably October 24.

The Chair: Yes, it's a ways out, but in terms of lining up all our witnesses.... We have a shortage of witnesses. That will be by video conference from here. If people have any names they want to put forward, we're open to them.

Mr. Guy Caron: When is it planned for?

The Chair: It's well into October, but because we have so many others, we have to do some juggling on the witness lists.

With that, we'll see you at 3:30 p.m. tomorrow.

The meeting is adjourned.

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