

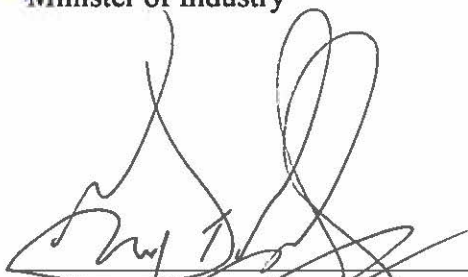
Federal Economic Development Agency for Southern Ontario

2015–16

Report on Plans and Priorities

A blue ink signature of The Honourable James Moore, written in a cursive style.

The Honourable James Moore
Minister of Industry

A black ink signature of The Honourable Gary Goodyear, written in a cursive style.

The Honourable Gary Goodyear
Minister of State (Federal Economic Development Agency
for Southern Ontario)

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Minister's Message

Canada will continue to benefit from responsible economic policies in 2015–16, including our low taxes, free trade opportunities and responsible investment regime.

The Industry Portfolio will help sustain job creation and economic growth by effectively managing programs and services that help Canadian companies compete and innovate. Canadians can depend on our government to invest in programs that benefit them the most. In 2015–16, the Industry Portfolio will continue to invest in world-class research and innovation that help companies compete at home and abroad.



The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) plays a key role in assisting businesses and communities in southern Ontario by supporting programs that produce positive economic results for the region. FedDev Ontario will continue to analyze and strategically respond to the economic needs of southern Ontario through programs that promote innovation and job creation.

The Industry Portfolio will help deliver on our government's commitment to return to a balanced budget by managing programs and services effectively. I am confident that we will meet our objective and that FedDev Ontario will continue to contribute toward economic growth and prosperity that benefit all Canadians.

James Moore
Minister of Industry

Minister of State's Message

As the Minister of State for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario), it is a pleasure for me to present the Agency's *2015–16 Report on Plans and Priorities*. This report provides a detailed account of FedDev Ontario's main priorities for the coming year and plans for contributing to strong economic growth and an innovative and knowledge-based economy.

Since its creation in 2009, FedDev Ontario has invested over \$1.2 billion to support innovation, commercialization, productivity and communities in southern Ontario. This has resulted in partnerships with over 5,300 organizations and more than \$1.5 billion in additional leveraged investments from almost exclusively non-government sources.



Canada's future economic prospects are being shaped by major and rapid global economic shifts, including increased competition and technological changes. A strong Canada depends on a responsive southern Ontario that is positioned to attract investment, encourage highly productive and innovative businesses, and support opportunities to expand and diversify markets at home and abroad.

Moving forward, FedDev Ontario will focus on: building on our successes; co-investing in world-class innovation platforms; commercializing market-relevant products and processes; creating an entrepreneurial environment with access to financing, including venture capital and angel investment; and creating prosperity by boosting productivity and diversification.

A handwritten signature in black ink, appearing to read 'Gary Goodyear'. The signature is stylized with large, sweeping loops and a long horizontal stroke extending to the right.

The Honourable Gary Goodyear
Minister of State (Federal Economic Development Agency for Southern Ontario)

President's Message

The preparation of the *Report on Plans and Priorities* is an important annual undertaking at the Federal Economic Development Agency for Southern Ontario (FedDev Ontario). It provides us with the opportunity to sharpen and refine our efforts to serve southern Ontario businesses, organizations and communities to help them succeed.

Having completed the first year of our second mandate, we continue to innovate and strive for excellence through prudent planning, enhancing our business practices, and strengthening our relationships with clients and partners, including our federal and provincial colleagues.

We are committed to the delivery of our programming to support businesses, organizations and communities, and will continue to act in multiple roles, as co-investor, delivery agent, convenor and champion for the region to help southern Ontario to be both globally competitive and prosperous.



Karen Ellis
President

Section I: Organizational Expenditure Overview

Organizational Profile

Minister of Industry: The Honourable James Moore

Minister of State: The Honourable Gary Goodyear

President: Karen Ellis

Ministerial Portfolio: Industry

Enabling Instrument:

Order in Council P.C. 2009–1410 dated August 13, 2009, amending Schedule I.1 of the [*Financial Administration Act*](#)ⁱ to include the Federal Economic Development Agency for Southern Ontario as a department.

Order in Council P.C. 2009–1411 dated August 13, 2009, whereby the department of Industry transferred to the Federal Economic Development Agency for Southern Ontario the control and supervision of the portion of the federal administration in the department of Industry known as the Southern Ontario Regional Economic Branch.

Year of Incorporation / Commencement: 2009

Organizational Context

Raison d'être

As Canada's most populous region—home to more than 12.7 million residents living in 288 communities—southern Ontario is a key contributor to the Canadian economy. The Government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) in 2009 as part of Canada's Economic Action Plan. FedDev Ontario works with communities, businesses and not-for-profit organizations in southern Ontario to actively promote the region and build a strong foundation of investment and partnerships to help secure Canada's long-term prosperity.

FedDev Ontario is fulfilling its mandate by working with partners and stakeholders across southern Ontario. Through the support of businesses and organizations, FedDev Ontario is able to advance innovative technologies and leverage community capacity to develop regionally-based economic solutions. FedDev Ontario works as a co-investor, convenor, champion and delivery agent and intentionally directs its resources to activities with the greatest regional impacts. By responding to emerging economic challenges and opportunities, FedDev Ontario is supporting the overall competitiveness and future prosperity of southern Ontario.

The Minister of State for the Federal Economic Development Agency for Southern Ontario is responsible for this organization.

Responsibilities

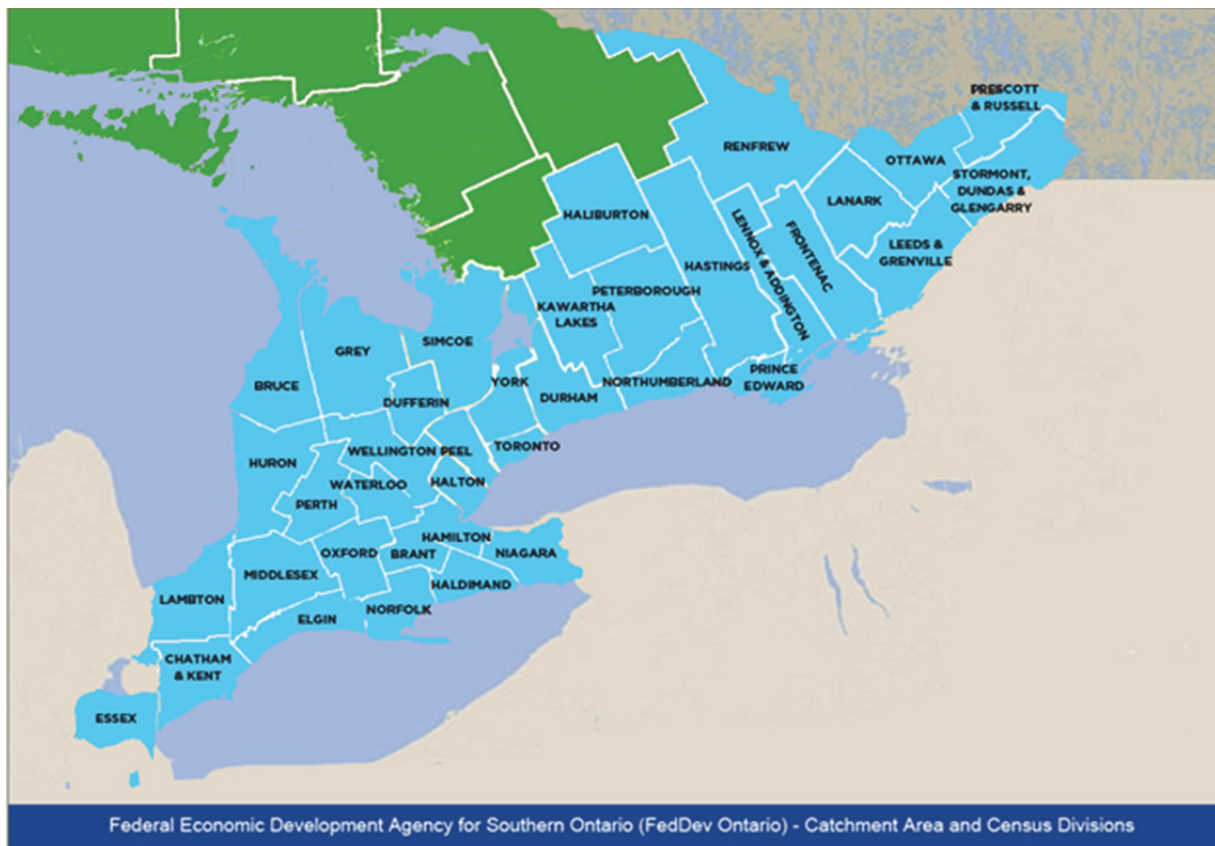
FedDev Ontario promotes the development of a strong, competitive and diversified southern Ontario economy. As one of 12 federal departments and agencies that make up the Industry Canada portfolio, FedDev Ontario will leverage resources and optimize synergies to further a number of the Government of Canada's commitments, including building a knowledge-based economy in all regions of Canada; advancing an agenda of jobs, growth and prosperity; and complementing other key priorities (e.g., *Digital Canada 150* and *Seizing Canada's Moment: Moving Forward in Science, Technology and Innovation 2014*).

Scope of Operations

FedDev Ontario is headquartered in Kitchener–Waterloo and has offices throughout southern Ontario to support program delivery. Its mandate covers the region as defined by the following 37 Statistics Canada census divisions:

- Stormont, Dundas and Glengarry
- Kawartha Lakes
- Brant
- Bruce
- Leeds and Grenville
- Peel
- Oxford
- Haliburton

- Niagara
- Middlesex
- Prescott and Russell
- Peterborough
- Haldimand–Norfolk
- Huron
- Ottawa
- Durham
- Halton
- Essex
- York
- Waterloo
- Grey
- Lanark
- Toronto
- Perth
- Simcoe
- Frontenac
- Northumberland
- Hamilton
- Lennox and Addington
- Dufferin
- Elgin
- Renfrew
- Hastings
- Wellington
- Chatham–Kent
- Prince Edward
- Lambton



According to Statistics Canada's annual population estimates for 2013, southern Ontario has a population of over 12.7 million, representing 93.6 percent of Ontario's total population and 36 percent of the total population of Canada.

Strategic Outcome and Program Alignment Architecture

The 2015–16 Program Alignment Architecture (PAA) was updated to reflect the evolution of FedDev Ontario’s programs and activities as well as its various roles. This includes advocating on behalf of southern Ontario businesses and economic opportunities and convening strategic partnerships. With the renewal of funding and launch of new programming in 2014–15, FedDev Ontario’s PAA conveys an innovative agenda to promote jobs, growth and prosperity across the region.

1. Strategic Outcome: A competitive southern Ontario economy

1.1 Program: Technological Innovation

1.1.1 Sub-Program: Advanced Manufacturing

1.1.2 Sub-Program: Commercialization Partnerships

1.2 Program: Business Development

1.2.1 Sub-Program: Business Investment

1.2.2 Sub-Program: Business Growth and Productivity

1.2.3 Sub-Program: Business Services

1.3 Program: Community Economic Development

1.3.1 Sub-Program: Community Futures Program

1.3.2 Sub-Program: Eastern Ontario Development Program

1.3.3 Sub-Program: Official Language Minority Communities

1.3.4 Sub-Program: Regional Diversification

1.3.5 Sub-Program: Infrastructure Delivery

Internal Services

Organizational Priorities

Priority	Type ¹	Strategic Outcome and Programs
Support business excellence and external service delivery	New	Strategic Outcome: A competitive southern Ontario economy Program 1.1 – Technological Innovation Program 1.2 – Business Development Program 1.3 – Community Economic Development
Description		
<p>Why is this priority?</p> <ul style="list-style-type: none"> FedDev Ontario must focus on the efficient and effective delivery of its programming and services to support businesses and organizations. This includes ensuring programs and initiatives remain relevant and responsive to the economic needs of the region and its communities. In addition to co-investing in projects, FedDev Ontario can contribute to positive economic outcomes through the provision of other services, such as pathfinding, information-sharing, outreach and leadership. FedDev Ontario must also focus on increasing the breadth and depth of its policy work and play an increasingly relevant role in this field by being a centre of excellence in terms of research, analysis and policy development for southern Ontario. The intelligence gained by leveraging its policy capacity will ensure ongoing improvement and evolution of FedDev Ontario's programming, services and convenor activities and will also position FedDev Ontario to effectively influence broader Government of Canada policies and priorities. To support its program delivery and policy capacity, FedDev Ontario must also focus on demonstrating its results through meaningful performance measures and effective data collection to maximize the impact of its programming and services and to ensure continuous improvement. <p>What are the plans for meeting this priority?</p> <ul style="list-style-type: none"> Encourage collaborative ventures that maximize benefits to the southern Ontario economy through FedDev Ontario's role as a catalyst and convenor of stakeholders across the region. As part of the due diligence process, applications will continue to be considered based on relevance and benefits to the economy of southern Ontario. Provide guidance to newly approved and existing funding recipients to clarify reporting requirements and ensure effective and efficient collection of performance data. 		

¹ Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or Departmental Performance Report.

- Continue to leverage FedDev Ontario’s open application intake processes and business case-based assessments to support greater transparency and reach to a diverse set of applicants.
- Monitor internal capacity to achieve external service standards and best practices for timely approval of project applications and use the information gathered for continuous performance improvement.
- Work with stakeholders and clients to build on the economic conditions in Ontario that are favourable to the manufacturing sector.
- Deliver high quality services to entrepreneurs through the Canada Business Ontario contact centre, web presence and outreach channels.
- Represent southern Ontario interests through ongoing involvement in defence procurement opportunities, facilitating connections between firms, and promoting the capabilities of southern Ontario companies to defence contractors with Industrial and Technological Benefits obligations.
- Continue to enhance an integrated policy and research agenda to support FedDev Ontario’s ability to deliver evidence-based advice and analysis on program design, internal and government-wide policy development, service delivery and convenor activities. This will include maintaining and gathering intelligence on key economic issues, such as, strategic sectors, emerging and disruptive technologies, clusters and manufacturing.
- Continue to engage with stakeholders in the region to develop opportunities for collaboration and partnership. FedDev Ontario will also maintain ongoing partnerships with other federal departments, the provincial government, municipalities, official language minority communities and First Nations and other Aboriginal peoples to support strategic investments.
- Build on existing reporting and evaluation practices to enhance FedDev Ontario’s ability to demonstrate the broader impact of its investments and activities.

Priority	Type	Strategic Outcome and Programs
Strengthen internal operations and corporate services	New	Strategic Outcome: A competitive southern Ontario economy Internal Services
Description		
Why is this priority? <ul style="list-style-type: none"> • Modernizing its business will be critical for FedDev Ontario’s continuous improvement as timely and effective client service and administrative excellence are essential to maximizing the return on Agency resources. • As FedDev Ontario moves towards greater integration of its core activities and functions, ongoing stewardship and the ability to remain nimble as an organization are of high importance. This integration will contribute to better management and oversight of assets and 		

resources as stronger linkages are made between FedDev Ontario investments and outputs.

- As program delivery and engagement activities increase, it will be necessary to align FedDev Ontario's internal service planning, by streamlining processes, and finding efficiencies in back office functions, in order to maximize resources while continuing to play an effective support role.
- Creating the conditions for strong employees to thrive is crucial to achieving FedDev Ontario's objectives. Effective talent and performance management strategies that encourage cross-functional training and create pathways for advancement will strengthen FedDev Ontario's performance and help sustain ongoing success.

What are the plans for meeting this priority?

- Undertake implementation reviews of new FedDev Ontario programming, as well as a full evaluation of the Eastern Ontario Development Program, to ensure FedDev Ontario's programs and initiatives meet their intended objectives and examine opportunities for increased efficiency and effectiveness.
- Work collaboratively with federal partners to implement modernized case management and client relationship management systems that can better track details of FedDev Ontario contributions and improve management of client information and correspondence with recipients and stakeholders.
- Continue to collaborate with other regional development agencies on horizontal matters to share information, reduce duplication of effort, and strengthen the collective position of these agencies at the federal level.
- Refine and institutionalize internal control mechanisms to ensure effective financial management and accountability and maintain the integrity of FedDev Ontario processes.
- Further incorporate risk management best practices into business and corporate planning, as well as daily operations.
- Support full implementation of the government's priority of business transformation, including human resources modernization and information technology and financial systems, by developing and implementing tools and training to assist managers.
- Support the full implementation of the Performance Management Program and foster a talent management approach, including targeted learning and development initiatives that leverage the Canada School of Public Service.

Risk Analysis

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Human Resources Management: The five-year limited mandate and regional location of its headquarters are unique challenges to FedDev Ontario and present a risk that operational effectiveness will be impacted by challenges in recruiting and retaining staff.	<ul style="list-style-type: none"> • Ensure that inventories to staff positions in specialty areas are readily available; increase awareness of employment opportunities in FedDev Ontario, highlighting the Region of Waterloo as a location of choice. • Develop tools and provide training that addresses organizational learning priorities; formalize talent management and succession planning discussions. • Promote greater inclusiveness in decision-making processes and senior management discussion forums. Ensure up-to-date communication is shared with employees. 	Program 1.1 – Technological Innovation Program 1.2 – Business Development Program 1.3 – Community Economic Development Program 1.4 – Internal Services
Information for Decision-making: There is a risk that current information technology (IT) infrastructure and systems will not adequately support the needs of FedDev Ontario management.	<ul style="list-style-type: none"> • FedDev Ontario branches will continue to work collaboratively to ensure that business needs are adequately supported through existing IT infrastructure and systems. • Opportunities for potential enhancements that can achieve greater efficiencies will be identified. • FedDev Ontario will also further institutionalize related practices to ensure information for decision-making is disseminated in a timely manner and quickly accessible for all employees. 	Program 1.1 – Technological Innovation Program 1.2 – Business Development Program 1.3 – Community Economic Development Program 1.4 – Internal Services
Increasing External Awareness: There is a risk that FedDev Ontario will have difficulty demonstrating its achievements and distinguishing itself amidst the many provincial and federal players providing funding for economic development.	<ul style="list-style-type: none"> • FedDev Ontario will continue work with partners and stakeholders at the regional, provincial and federal levels to increase awareness of FedDev Ontario's activities and distinguish its place in the economic development spectrum in southern Ontario. • FedDev Ontario will implement more robust information collection to better demonstrate the results and impacts of its programming, projects and collaborations on the economy of southern Ontario. 	Program 1.1 – Technological Innovation Program 1.2 – Business Development Program 1.3 – Community Economic Development Program 1.4 – Internal Services

Planned Expenditures

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending ²
215,251,719	215,251,719	220,775,143	208,107,705

Human Resources (Full-Time Equivalents [FTEs])

2015–16	2016–17	2017–18
229	229	229

Budgetary Planning Summary for Strategic Outcome and Programs (dollars)

Strategic Outcome, Programs and Internal Services	2012–13 Expenditures	2013–14 Expenditures	2014–15 Forecast Spending	2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
Strategic Outcome: A competitive southern Ontario economy							
1.1 Technological Innovation	56,576,259	56,430,801	42,287,606	91,786,705	91,786,705	91,554,741	91,263,562
1.2 Business Development	131,523,159	87,659,299	61,623,868	66,123,559	66,123,559	68,971,973	68,541,276
1.3 Community Economic Development	34,609,151	71,120,480	46,110,273	41,264,851	41,264,851	44,238,076	33,039,212
Subtotal	222,708,569	215,210,580	150,021,747	199,175,115	199,175,115	204,764,790	192,844,050
Internal Services Subtotal	19,012,398	19,069,825	17,659,300	16,076,604	16,076,604	16,010,353	15,263,655
Total	241,720,967	234,280,405	167,681,047	215,251,719	215,251,719	220,775,143	208,107,705

For 2015–16, FedDev Ontario’s financial resources continue to be primarily directed towards investing in projects that foster high-quality jobs, growth and prosperity with businesses, entrepreneurs, communities and not-for-profit organizations in southern Ontario. Of the \$215.2 million allotted through the 2015–16 Main Estimates, \$186.2 million in transfer payment funding has been allocated for FedDev Ontario’s programming suite. This includes \$112.3 million for the Southern Ontario Prosperity Initiatives— FedDev Ontario’s primary funding vehicle—as well as the Advanced Manufacturing Fund (\$52.0 million), Community Futures Program (\$11.3

² The reduction in planned spending is primarily due to a total of \$11.2 million allocated for the Brantford Greenwich-Mohawk Brownfield Remediation project and Massey Hall Revitalization project in 2016–17 that does not continue in 2017–18.

million), Eastern Ontario Development Program (\$9.6 million) and Economic Development Initiative (\$1.0 million) in 2015–16. To support program delivery, FedDev Ontario will utilize \$29.0 million for its internal operations.

As it enters the second year of its five-year mandate, FedDev Ontario's objective will be to fully expend its transfer payment budget, which received an additional \$16.6 million in funding for 2015–16 out of its previous year authorities. Specifically, the Advanced Manufacturing Fund received an additional \$12 million in authorities and the remaining \$4.6 million was reallocated to the Southern Ontario Prosperity Initiatives to support continued delivery of the Massey Hall Revitalization project.

This increase in 2015–16, as well as increases of \$12.6 million and \$11 million in 2016–17 and 2017–18, respectively, helps explain the forecasted decrease in 2014–15 spending as a total of \$40.2 million in available authorities was reallocated to reflect spending pressures in future years and to facilitate investment in strategic projects.

To support its activities over the next three years, FedDev Ontario will require 229 employees (full-time equivalents) across its external program branches and internal service areas. The efficient and effective deployment of its human resources will play an important role in FedDev Ontario's ability to maximize its impact on southern Ontario through program delivery and in its capacity as a convenor and champion for the region.

Alignment of Spending With the Whole-of-Government Framework

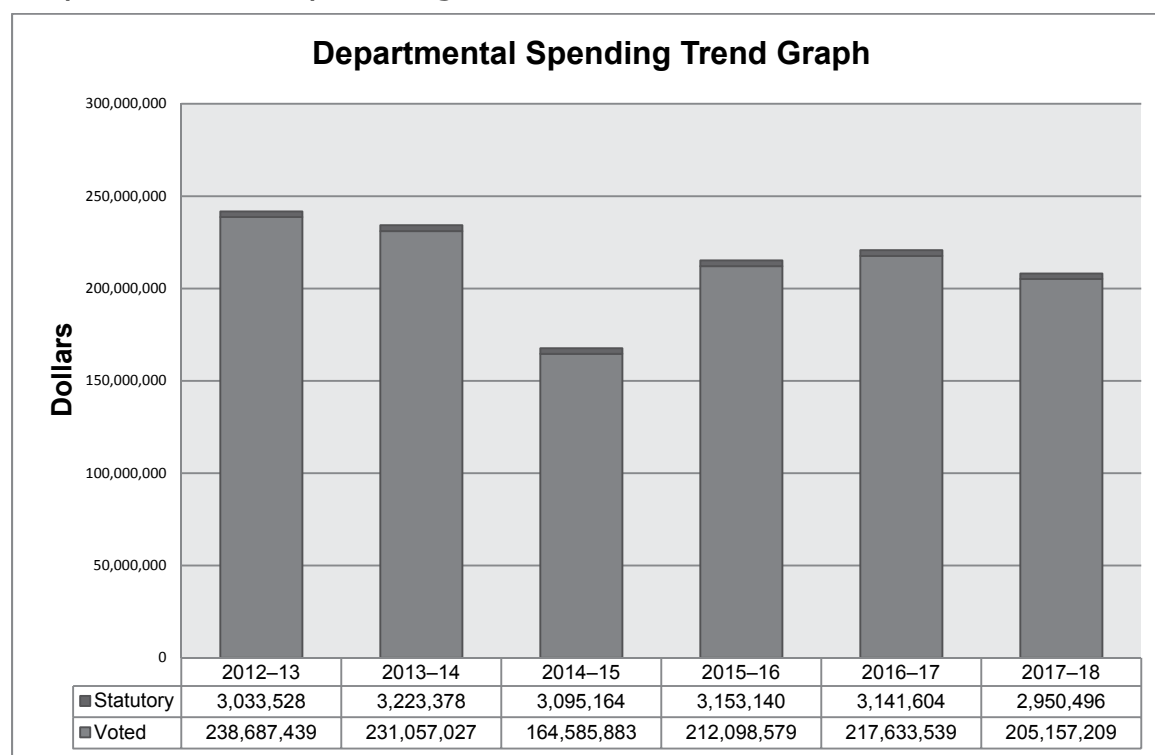
Alignment of 2015–16 Planned Spending With the [Whole-of-Government Framework](#)ⁱⁱ (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2015–16 Planned Spending
A competitive southern Ontario economy	1.1 Technological Innovation	Economic Affairs	An innovative and knowledge-based economy	91,786,705
	1.2 Business Development	Economic Affairs	Strong economic growth	66,123,559
	1.3 Community Economic Development	Economic Affairs	Strong economic growth	41,264,851

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending
Economic affairs	199,175,115

Departmental Spending Trend



As FedDev Ontario enters the second year of its current five-year mandate, the spending trend graph above presents actual spending for 2012–13 and 2013–14 and forecasted spending for 2014–15, as well as planned spending for 2015–16 and beyond. Of note in this graph is the decrease in forecasted 2014–15 spending compared to the surrounding years, which is largely a factor of the redesign and launch of FedDev Ontario’s programming that constituted much of the renewal of its mandate.

Specifically, high demand and significant ramp-up periods for programs and initiatives had, as anticipated, an impact on spending in 2014–15. Once applicants submitted applications, FedDev Ontario had to process and negotiate contribution agreements with approved recipients. Eligible activities also had to be completed and claims had to be submitted in advance of any funding being disbursed. In addition, the multi-year nature of its programming and initiatives and complexity of projects compounded the impacts on forecasted spending in 2014–15. To account

for these factors, a total of \$40.2 million in transfer payment program funding was reallocated over the next three years from 2014–15 authorities, which will enable more strategic and timely investment as projects begin to demonstrate results.

With approximately 88 percent of its authorities allocated to program spending in 2015–16, FedDev Ontario will deliver the majority of this funding through the Southern Ontario Prosperity Initiatives, which include:

- Investing in Business Innovation;
- Investing in Business Growth and Productivity;
- Investing in Commercialization Partnerships; and
- Investing in Regional Diversification.

In addition, FedDev Ontario will continue to deliver the Advanced Manufacturing Fund, serving all of Ontario, as well as its other mainstay programs to support southern Ontario: the Eastern Ontario Development Program; Economic Development Initiative; and Community Futures Program.

Estimates by Vote

For information on FedDev Ontario's organizational appropriations, consult the [*2015–16 Main Estimates on the Treasury Board of Canada Secretariat website*](#).ⁱⁱⁱ

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome: A Competitive Southern Ontario Economy

With 2015–16 marking year two of its second five-year mandate, FedDev Ontario will continue building upon successes from its first six years to support southern Ontario’s economic growth and prosperity.

The focus this year will be on the region’s future economic prospects that are being shaped by global economic shifts. This includes the fast pace of technological change, where innovation and new technologies are disrupting existing business models and giving rise to new industries. Coupled with consumer demand for high value-added goods and knowledge-intensive services, the manner in which products and services are developed is changing.

To proactively address these changes, FedDev Ontario is working to leverage the tremendous capacity and assets within southern Ontario and support the boldness demonstrated by its young entrepreneurs and start-ups. With nearly half of all Canadian private sector research and development performed in Ontario, as well as having the highest rate of university education in the country and being home to key technology clusters and high-tech firms, the region is a vital part of the core of Canada’s science, technology and innovation ecosystem.

Moving forward, the region’s economic success will benefit from its ability to innovate, embrace the latest technologies, and access fast-growing international markets and global value chains. A key element in achieving this success will be a coordinated, focused, whole-of-region approach where the unique assets and capabilities of governments, businesses, academia and communities are mobilized.

As a maturing organization, FedDev Ontario will play an increasingly relevant role as a centre of excellence for research, analysis and policy development for southern Ontario. To this end, FedDev Ontario will apply this expertise in its roles as champion and convenor with partners and stakeholders to demonstrate its broader impact as an “agent of change” in southern Ontario. FedDev Ontario will also apply its “on the ground” knowledge of regional dynamics and needs and leverage its policy expertise to expand its capacity to influence the broader Government of Canada policy direction.

To ultimately support a competitive southern Ontario economy, FedDev Ontario will direct its efforts through four key program areas in 2015–16: Technological Innovation, Business Development, Community Economic Development and Internal Services. These programs represent the impact of FedDev Ontario’s programming suite, which not only targets community and business development but also demonstrates a strong focus on multi-partner, transformative

projects that aim to place southern Ontario at the forefront of new technologies and innovations with global economic implications.

Program 1.1: Technological Innovation

Description

This program is intended to support the southern Ontario economy to be more innovative by creating new products, services, processes and/or markets so as to contribute to the region's competitiveness. This will be achieved by focusing on key emerging sectors and by strengthening linkages between the region's businesses and its post-secondary institutions to support clusters, economic spillovers and/or common platforms to spur the advancement of technologies and innovation. By facilitating these strategic partnerships, FedDev Ontario aims to improve (along with others), the region's productivity and competitiveness in the context of a global economy.

Investments through this program will support large-scale, incremental, and transformative activities that increase productivity and market diversification. While available to for-profit and not-for-profit organizations, project funding will be business-facing, meaning that activities will be linked to the needs of businesses rather than pushing public research into the market.

Transfer payments in support of this program will be delivered through the administration of contribution agreements with businesses, not-for-profit organizations, and post-secondary institutions.

Budgetary Financial Resources (dollars)³

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
91,786,705	91,786,705	91,554,741	91,263,562

Human Resources (Full-Time Equivalents [FTEs])⁴

2015–16	2016–17	2017–18
21	21	21

³ Amounts include management and oversight costs captured at the program level that are not reflected in the sub-program amounts.

⁴ Totals reflect management and oversight FTEs captured at the program level that are not reflected in the sub-program FTE totals.

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Strengthened innovation, partnerships and commercialization in southern Ontario	Share of Ontario's employment in Knowledge-Intensive Business Services (KIBS) ⁵	To be determined using the 2014 Survey of Employment, Payrolls and Hours (SEPH) data (released February 2015)	March 31, 2016
	Business enterprise expenditure on research and development	Strengthen private sector investment in research and development	March 31, 2016

Planning Highlights

With approximately 36 percent of Canada's population; one of the most highly educated populations in the world; and many leading and innovative businesses, technology clusters, and forward-thinking entrepreneurs and start-ups; southern Ontario has a strong foundation for economic success now and into the future.

However, like other developed economies, southern Ontario has experienced a shift from focusing primarily on goods and production to more advanced and innovative service- and knowledge-based products. New advanced and disruptive technologies (e.g., additive manufacturing, robotics, cloud computing, etc.) have spurred a global race to build a competitive advantage, attract and retain investment, and support new industries and sectors. This is forcing traditional manufacturers to move towards more innovative logistics and advanced manufacturing, while the automotive industry is moving towards green technologies to remain competitive. The growth of emerging markets has further increased competition and accelerated the pace of technological change and, as a result, economies are looking to evolve and seek out innovative and collaborative solutions to remain globally competitive.

With strengths and specialization in some important scientific and technological areas, including cyber-security, telecommunications, regenerative medicine, plant biotechnology, water treatment, quantum computing and big data, southern Ontario's economic foundation is well positioned for future success. Through the Technological Innovation program and its related sub-programs, FedDev Ontario will work to help the region build on these areas of strength through targeted investments, and foster collaborative partnerships to accelerate the pace of bringing innovations to market. By directing its financial resources in 2015–16 to projects and partnerships that promote innovative and transformative technological solutions, FedDev Ontario is focused on contributing to the region's long-term economic competitiveness and sustainability.

⁵ The KIBS subsector includes establishments whose primary activities depend on human capital, knowledge, and skills. The KIBS final product is a consulting service and knowledge transfer. Other than being intensive, these services are intermediary (i.e., services included for business).

Sub-Program 1.1.1: Advanced Manufacturing

Description

This sub-program promotes the long-term growth, productivity, and competitiveness of Ontario's manufacturing sector, which is undergoing significant transformation. This is achieved through repayable contributions to eligible Ontario manufacturing firms and non-repayable contributions to not-for-profit organizations. This includes research institutions, centres of excellence, and post-secondary institutions located in Ontario that are collaborating with an anchor firm to benefit the manufacturing sector.

Manufacturing is critical to Canada's prosperity, provides high-quality, well-paying jobs, and is an important contributor to strong economic growth in Ontario. This sub-program supports: large-scale, incremental, and transformative advanced manufacturing activities intended to increase productivity; development and/or adoption of cutting-edge technologies, leading to product, process, and technological innovations; projects that will create spillover benefits for manufacturing clusters and/or global supply chains; and collaborations between the private sector, research institutions, and post-secondary institutions.

This sub-program uses funding from the following transfer payment: Advanced Manufacturing Fund.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
52,556,528	51,554,426	51,522,652

Human Resources (FTEs)

2015–16	2016–17	2017–18
4	4	4

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Ontario manufacturers are more productive and competitive	Total value of investments leveraged against FedDev Ontario contributions	1:1	March 31, 2016
	Average number of value chain members deriving economic benefit from projects	2	March 31, 2019

Planning Highlights

Despite the importance of a strong manufacturing sector to the Ontario and Canadian economies and the steady increase in regional manufacturing sales since the 2008 economic downturn, Ontario manufacturing continues to face structural challenges brought on by changes in technology, increased global competition and the ever evolving nature of the manufacturing workforce. Ontario's critical mass of manufacturers, strong talent pool, key technological capabilities and multiple research institutes, however, have put the region in a good position to take advantage of emerging opportunities for manufacturing. Although some manufacturers have leveraged new technologies, research, processes and collaborative partnerships to improve their global competitiveness, others need support to make this transition.

In 2015–16, FedDev Ontario will continue to provide funding through the Advanced Manufacturing Fund to Ontario manufacturers and not-for-profit organizations (e.g., research institutions, centres of expertise and post-secondary institutions) for innovative and market relevant projects with the potential for economic spillover benefits in the broader Ontario economy.

With at least half of project costs borne by project proponents, another important outcome of this sub-program will be the increased investment of Advanced Manufacturing Fund recipients in their own productivity and innovation. Unlocking private sector investment in the development of innovative new products and processes will be critical to support sustainable growth of the manufacturing sector and Ontario's economy as a whole.

In contrast to other FedDev Ontario programs and initiatives, the Advanced Manufacturing Fund is not limited to the southern Ontario region but provides support across all of Ontario. Advancements in manufacturing are critical for the greater prospect of prosperity throughout Ontario and Canada. To this end, FedDev Ontario will continue to engage prospective applicants throughout the application period, which ends October 1, 2015.

Sub-Program 1.1.2: Commercialization Partnerships

Description

This sub-program supports collaborative arrangements through which firms can combine individual offerings into more coherent, customer-facing solutions. Known as “innovation ecosystems,” these collaborations are a mechanism to support businesses in commercializing research and are well positioned in various industries to exploit emerging marketable ideas and capitalize on the assets and knowledge of businesses, post-secondary institutions, and not-for-profit organizations. The prosperity of southern Ontario has lagged behind international competitors in part due to the gap between innovation and commercialization and lower levels of

business investment in research and development. Canada ranks high in discovery and advancement of science, but is less effective in converting research, new ideas and technologies into products and services of commercial value.

This sub-program provides non-repayable contributions to post-secondary institutions and not-for-profit organizations within southern Ontario to promote business-led partnerships focused on creating and commercializing innovative products, technologies and services that are able to compete globally.

This sub-program uses funding from the following transfer payment: Southern Ontario Prosperity Initiatives.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
37,779,542	38,555,266	38,375,333

Human Resources (FTEs)

2015–16	2016–17	2017–18
5	5	5

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Southern Ontario businesses are able to bring innovative products, technologies and services to market	Total value of investments in communities, businesses and organizations leveraged against FedDev Ontario contributions	1:1	March 31, 2016
	Number of for-profit businesses and not-for-profit organizations benefitting from FedDev Ontario support	Average of seven businesses and four organizations per project	March 31, 2019

Planning Highlights

Although southern Ontario colleges, universities and research institutions are well positioned to support the development and growth of innovation ecosystems, there is a need to build on their capacity and encourage businesses to capitalize on these regional assets, putting to use the power of research and educational institutions in their communities and highlighting southern Ontario and Canada as leaders in the world's knowledge economy.

In 2015–16, FedDev Ontario will focus efforts on supporting these business-led partnerships with post-secondary institutions and research organizations through projects under its Investing in Commercialization Partnerships initiative. Investments in market-driven innovations, including platforms (e.g., structures or services that members of an ecosystem use to test, refine and develop market-ready products), will lead to greater penetration of global markets for new, regionally-developed products and services; can help establish a strong foundation for future innovation and collaboration between business and post-secondary institutions; and can support the development and sustainability of economic clusters.

FedDev Ontario recognizes that supporting these partnerships is a key component of the region's future economic prosperity. Through this sub-program, FedDev Ontario intends to help narrow the gap between innovation and commercialization in southern Ontario and establish the innovation ecosystems necessary for bringing new products and services to market ahead of its competition.

This year, FedDev Ontario will also continue to build upon the successes of previous programs, such as the Applied Research and Commercialization initiative and the Technology Development Program, to help participating businesses capitalize on regional assets and utilize the power of research and post-secondary institutions in southern Ontario communities.

Program 1.2: Business Development

Description

This program supports the 360,000 businesses (especially small- and medium-sized enterprises) in southern Ontario in their efforts to drive competitiveness by providing support to: encourage the growth of early-stage companies through business services and counselling; access capital; help existing businesses expand domestically and globally; help companies/sectors improve productivity; facilitate linkages and collaborations between businesses; and help southern Ontario aerospace and defence-related firms respond to economic opportunities from Canada's defence procurements.

This program, which includes services through Canada Business Ontario, provides targeted efforts to businesses across Ontario along a life-cycle continuum: from entrepreneurship to expansion.

Transfer payments in support of this program will be delivered through the administration of contribution agreements with businesses and not-for-profit organizations.

Budgetary Financial Resources (dollars)⁶

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
66,123,559	66,123,559	68,971,973	68,541,276

Human Resources (FTEs)⁷

2015–16	2016–17	2017–18
52	52	52

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Improved business growth, productivity and global competitiveness in southern Ontario	Private sector investment in machinery and equipment in Ontario	To support businesses to meet or exceed their 2015 investment intentions (released February 2015)	March 31, 2016
	Ontario's labour productivity ⁸	\$44.68	March 31, 2016
	Venture capital investment in Ontario	Increased venture capital investment in Ontario	March 31, 2016

Planning Highlights

Southern Ontario businesses play a critical role in the region's economy by creating jobs; attracting highly-qualified employees to the region; bringing innovative products to market; supporting the diversification of local economies; and encouraging the modernization of infrastructure, programs and services in southern Ontario communities.

Through the Business Development program, FedDev Ontario will work to address the current challenges facing businesses, including accessing capital, receiving expertise and guidance, and tapping into networks across the region in order to take their businesses to the next level to better compete with their domestic and international competitors. By focusing on providing key project investments to strategic businesses partners in southern Ontario; while also providing timely information and services to small- and medium-sized enterprises to access potential resources,

⁶ Amounts include management and oversight costs captured at the program level that are not reflected in the sub-program amounts.

⁷ Totals reflect management and oversight FTEs captured at the program level that are not reflected in the sub-program FTE totals.

⁸ Represents real gross domestic product per hour worked.

collaborators and/or other business opportunities; this program will continue to propel southern Ontario businesses forward and create the conditions for economic prosperity and sustainability.

The following three sub-programs have each been designed to provide support at specific points in the business development cycle and allow FedDev Ontario to maximize its impact on private sector entities throughout the region in 2015–16. By encouraging entrepreneurship, access to capital (including venture funding and angel investments), the adoption of new technologies and other strategies for improving productivity, and expanding businesses into global markets, FedDev Ontario will look to positively impact the competitiveness and long-term sustainability of the southern Ontario economy.

Sub-Program 1.2.1: Business Investment

Description

This sub-program is necessary because one of the largest challenges to the southern Ontario economy is the lack of access to capital by start-ups to help commercialize their ideas, particularly since the economic downturn. To remain competitive and be a leader in the knowledge-based economy, access to capital is necessary for the success of southern Ontario businesses and the overall economic prosperity of the region.

This sub-program provides non-repayable contributions to not-for-profit organizations offering mentorship, entrepreneurial support and seed financing to help new businesses grow and succeed; as well as angel investor networks to encourage increased investment in new businesses. Repayable contributions are also provided to start-up businesses to accelerate the commercialization of new products, processes and practices by leveraging private sector investment.

This sub-program uses funding from the following transfer payment: Southern Ontario Prosperity Initiatives.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
19,821,386	22,020,265	22,042,856

Human Resources (FTEs)

2015–16	2016–17	2017–18
7	7	7

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Southern Ontario entrepreneurs have access to capital to help commercialize new products, processes, or systems	Number of new (start-up) businesses accessing capital	250	March 31, 2019
	Total value of new investments attracted to Angel Networks	\$5,000,000 per angel network project	March 31, 2019
	Ratio of funds leveraged against FedDev Ontario contributions	2:1 ratio for direct recipients; 0.75:1 third-party recipients	March 31, 2019

Planning Highlights

High-growth businesses and new entrepreneurs are critical to southern Ontario's economic competitiveness and long-term sustainability and growth. While many entrepreneurs have innovative ideas that could improve products and services or create entirely new industries and sectors, increased access to advice and private sector investment, as well as strengthened angel investment networks to help new companies grow and succeed is a key component in transforming ideas into globally-competitive products and services.

One objective of this sub-program is to strengthen established investment networks to better support early-stage companies with the potential to become high-growth firms with large economic impact. Further to this, FedDev Ontario will continue to foster partnerships between early-stage businesses and investors to ensure that the tools and requisite capital are available to entrepreneurs to be able to advance their ideas and expand as world-leading innovators.

In 2015–16, FedDev Ontario will allocate funding for this sub-program to projects under the Investing in Business Innovation initiative. Recipients will include angel investor networks and not-for-profit organizations that demonstrate the capacity to build and expand southern Ontario businesses, as well as start-up businesses with third-party investors that require an additional capital investment to help propel their products or services to the commercial stage. As interest and uptake for funding under this initiative is expected to continue to be high, FedDev Ontario will need to consider how to best manage demand in 2015–16 with existing resources.

Sub-Program 1.2.2: Business Growth and Productivity

Description

A number of studies indicate that Ontario's productivity lags behind its U.S. counterparts. As a result, southern Ontario needs to increase productivity to remain competitive in the global economy. This sub-program provides repayable and non-repayable contributions to for-profit

and not-for-profit corporations to help improve productivity of individual businesses, industry sectors, and economic clusters so that southern Ontario can be more competitive.

This sub-program uses funding from the following transfer payment: Southern Ontario Prosperity Initiatives.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
42,267,641	42,934,032	42,661,117

Human Resources (FTEs)

2015–16	2016–17	2017–18
12	12	12

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Southern Ontario businesses have enhanced capacity to support innovation, leading to improved productivity	Number of projects receiving FedDev Ontario support	40	March 31, 2019
	Ratio of funds leveraged against FedDev Ontario contributions	2.5:1	March 31, 2019

Planning Highlights

To remain competitive, firms and economies must be innovative and must also be at the forefront of adopting the latest technologies, especially disruptive technologies (e.g., additive manufacturing, robotics, cloud computing). Ontario's productivity is increasingly falling behind that of comparator economies, due in large part to lower levels of investment in innovation and new technology.

This year, FedDev Ontario will support projects under the Investing in Business Growth and Productivity initiative that address the ongoing capital, skills and knowledge deficiencies within southern Ontario businesses in order to improve their productivity and enable greater growth potential and competitiveness at the national and international level. Funding recipients will include southern Ontario businesses as well as not-for-profit organizations that will provide benefits to businesses (e.g., industry associations, economic development organizations, etc.) with the ultimate goal being to help scale-up operations to increase market share, adopt new

technologies and processes, and better penetrate global markets and value chains. A key to these advancements will be the modernization of machinery and equipment used by businesses, which can greatly improve efficiency and maximize output to meet future demand.

By addressing these areas of need, this sub-program can help southern Ontario businesses take advantage of opportunities to expand and achieve success on a larger scale. By extension, the growth of southern Ontario businesses can lead to greater job creation, improved relationships between businesses and other regional stakeholders, and a larger market share within key established and emerging sectors.

Sub-Program 1.2.3: Business Services

Description

Through this sub-program area, FedDev Ontario is helping companies of differing stages and sizes pursue business opportunities that impact the local, regional and national economies. Ensuring access to the right information and services; including reducing barriers for those looking to start, manage or grow their business are essential to the long-term prosperity of southern Ontario. Through client-focused service that aims to reduce the complexity of dealing with multiple levels of government and provide strategic guidance, southern Ontario businesses can make well-informed decisions that will contribute to their success through sound planning, market research and the use of strategic business information.

As a member of the Canada Business Network, Canada Business Ontario provides information on federal and provincial programs, and services and regulations, free of charge for businesses located across Ontario.

Additionally, FedDev Ontario helps southern Ontario firms respond to business opportunities in aerospace and defence industries including by leveraging the policy on Industrial and Technological Benefits that is applied on large military procurements and facilitating collaborations between these businesses and defence prime contractors. FedDev Ontario also promotes the industrial and technological capabilities of these firms to defence prime contractors.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
2,683,020	2,671,377	2,564,751

Human Resources (FTEs)

2015–16	2016–17	2017–18
19	19	19

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Economic opportunities for southern Ontario are leveraged from Canada's defence procurements	Number of activities FedDev Ontario engages in to help generate economic opportunities for southern Ontario from Canada's defence procurements	350	March 31, 2016
Small- and medium-sized business, including potential entrepreneurs, have access to government information on business-related programs, tools and services	Number of assisted client interactions through Canada Business Ontario	27,000 quality interactions through the Canada Business Ontario contact centre and outreach activities.	March 31, 2016
	Number of unassisted client interactions on Canada Business Ontario content delivered online	650,000 web visits to Canada Business Ontario content.	March 31, 2016

Planning Highlights

In its role as a co-investor, FedDev Ontario continues to dedicate the majority of its resources to administering its programming suite throughout southern Ontario. However, there is also recognition that FedDev Ontario can have an impact on the competitiveness of the southern Ontario economy through its convenor and advocacy roles.

Through the newly-created Business Services sub-program, FedDev Ontario will provide a variety of services to businesses, ranging from facilitating connections between business and government, to guidance on leveraging the policy on Industrial and Technological Benefits as part of the Government of Canada's *Defence Procurement Strategy*.

To help increase the chances of regional firms accessing global value chains, FedDev Ontario will undertake activities to promote domestic and export market opportunities in relation to current and upcoming land, air, marine and other related defence procurements. It will also represent southern Ontario perspectives and economic interests in the implementation of the new *Defence Procurement Strategy* and help southern Ontario firms to understand procurement policies and capitalize on the business opportunities generated by Canadian defence procurement requirements for value propositions and Industrial and Technological Benefits.

To support entrepreneurs and small businesses in 2015–16, FedDev Ontario’s Canada Business Ontario group will act as a primary point of contact for clients seeking information on starting or growing their business and provide guidance on accessing services and programming available to them from multiple levels of government. With high volumes of both assisted and unassisted client interactions anticipated in 2015–16, a key priority for Canada Business Ontario will continue to be client service excellence through its online content, client Contact Centre or outreach channel offerings.

Program 1.3: Community Economic Development

Description

This program supports the 288 communities (small and large, rural and urban, Francophone and Aboriginal) in southern Ontario that are home to 12.7 million residents. These communities are key to enhancing the economic competitiveness and long-term prosperity of the region. Southern Ontario depends on communities that can attract the best talent and compete for investment as dynamic centres of commerce and learning.

Strong, safe and modern communities that are economically diverse are essential building blocks for the region’s competitiveness and long-term prosperity. FedDev Ontario will continue to invest strategically to address the unique challenges facing eastern Ontario communities; maintain the economic vitality of official language minority communities; and advance regional diversification efforts to promote economic development. FedDev Ontario will also continue to work with others, including Infrastructure Canada, the Province and municipalities, to support infrastructure needs within southern Ontario.

Through programming aimed at addressing the distinct needs and circumstances across southern Ontario communities, FedDev Ontario will work to identify local solutions to local challenges and opportunities.

FedDev Ontario will support this program through the administration of contribution agreements with businesses, not-for-profit organizations, post-secondary institutions and municipalities.

Budgetary Financial Resources (dollars)⁹

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending ¹⁰
41,264,851	41,264,851	44,238,076	33,039,212

Human Resources (FTEs)¹¹

2015–16	2016–17	2017–18
45	45	45

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Southern Ontario communities are able to sustain long-term economic development and growth	Percentage of southern Ontario census subdivisions with a decrease in employment insurance beneficiaries (year-over-year)	50 percent or more of southern Ontario census subdivisions have a decrease in employment insurance beneficiaries (year-over-year)	March 31, 2016
	Recent Economic Well-Being Indicator (REWBI) (Composite indicator of socio-economic performance)	The average REWBI for the bottom quartile of communities improves in 2015 compared to the average REWBI for the bottom quartile in 2014.	March 31, 2016

Planning Highlights

As many rural, eastern, Francophone, and Aboriginal communities in southern Ontario continue to experience distinct economic challenges related to unemployment, difficulty in attracting investment and a lack of economic diversification, FedDev Ontario will continue to support their needs through programming under the Community Economic Development program.

Communities play a pivotal role in the long-term competitiveness and prosperity of southern Ontario, and it is essential for the sustainability of the region as a whole that they remain vibrant, modern and economically viable now and into the future.

⁹ Amounts include management and oversight costs captured at the program level that are not reflected in the sub-program amounts.

¹⁰ The reduction in planned spending is primarily due to a total of \$11.2 million allocated for the Brantford Greenwich-Mohawk Brownfield Remediation project and Massey Hall Revitalization project in 2016–17 that does not continue in 2017–18.

¹¹ Totals reflect management and oversight FTEs captured at the program level that are not reflected in the sub-program FTE totals.

Across the following five sub-programs, FedDev Ontario will provide funding in 2015–16 to help leverage existing regional advantages, create opportunities for economic diversification, support high-quality employment, and address critical infrastructure requirements. These activities will entail ongoing collaborations with regional stakeholders to ensure that communities are receiving tailored support based on their unique circumstances, either directly or through third-party delivery partners.

Through strategic engagement with partners (e.g., businesses, not-for-profit organizations, industry associations, post-secondary institutions, Aboriginal organizations and Community Futures Development Corporations), FedDev Ontario will continue to help develop local solutions to community issues and contribute to shaping southern Ontario's economic landscape.

Sub-Program 1.3.1: Community Futures Program

Description

Rural southern Ontario continues to face persistent challenges: limited sources of capital for small- and medium-sized enterprises; consistently lower economic performance; declining number of available jobs; an aging workforce; and youth out-migration. Research has indicated that a region's prosperity is intricately linked to the economic well-being of rural communities.

The Community Futures Program is a national program that provides funding to Community Futures Development Corporations so that they can help rural communities develop their local economy and long-term sustainability. Community Future Development Corporations generally focus on the following four business lines: business loans, business counselling, strategic community planning and priorities and, community economic development projects.

This sub-program uses funding from the following transfer payment: Community Futures Program.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
12,059,313	12,056,385	12,012,469

Human Resources (FTEs)

2015–16	2016–17	2017–18
6	6	6

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Rural communities in southern Ontario have strong economies to help respond to future economic challenges	Number of businesses in rural southern Ontario that have been created, maintained, or expanded as a result of Community Futures Program funding	5,000	March 31, 2016
	Number of jobs created or maintained in rural southern Ontario communities as a result of Community Futures Program funding	10,000	March 31, 2016
	Ratio of funds raised from other sources to Community Futures Program investments	3:6:1	March 31, 2016

Planning Highlights

As a mainstay in FedDev Ontario's programming suite, the Community Futures Program supports the region's Community Futures Development Corporations (CFDCs) in their delivery of a variety of programs and services to advance economic development and small business growth in rural southern Ontario. A key priority under this sub-program in 2015–16 will be the implementation of a number of actions that resulted from the 2014 evaluation of the Community Futures Program. These include:

- Continuing to develop collaborative relationships with other public sector organizations and economic development organizations to identify opportunities to leverage Community Futures Program services;
- Working collaboratively with the CFDC regional networks and individual CFDCs to streamline reporting, enhance the reliability and consistency of performance information, assess the impact of the program's new Performance-Based Funding Model in providing stronger incentives for high performing CFDCs, identify best practices and encourage the leveraging of other sources of public funding;
- Working in partnership with the Ontario Association of CFDCs and CFDC regional networks to align roles and responsibilities and develop relevant performance metrics; and
- Continuing to strengthen communications and partnerships with southern Ontario CFDCs by ensuring they have greater access to information on FedDev Ontario programming and services.

Through these improvements to the Community Futures Program, FedDev Ontario's investments will be better able to assist rural communities in becoming more sustainable and less vulnerable

to future economic challenges. By helping to create and maintain rural businesses and jobs, this sub-program will continue to advance the profile and viability of the region's rural communities in 2015–16.

Sub-Program 1.3.2: Eastern Ontario Development Program

Description

The economic challenges facing rural eastern Ontario have been exacerbated in recent years as a result of the global recession and the pressures facing the manufacturing sector. Facing new economic realities, the region is continuing to undergo adjustments, restructuring, and related challenges. Eastern Ontario's relatively large rural working age population is characterized by a higher share of older workers, and the region's youth are leaving the area for other opportunities. Furthermore, the economic hardship felt by workers, families and communities in this region is reflected in its relatively lower wages and household incomes, a lower labour force participation, and a higher proportion of people receiving employment insurance benefits when compared to Ontario overall.

This sub-program advances economic development in rural eastern Ontario. Through the Eastern Ontario Development Program, FedDev Ontario is collaborating with the 15 Community Futures Development Corporations in eastern Ontario and the Eastern Ontario Community Futures Development Corporations Network Inc. to promote the growth of new and existing businesses in rural communities. Funding is directed to recipients whose projects focus on business growth, community innovation and/or collaborative economic development.

This sub-program uses funding from the following transfer payment: Eastern Ontario Development Program.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
9,718,485	9,718,034	9,711,370

Human Resources (FTEs)

2015–16	2016–17	2017–18
6	6	6

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Eastern Ontario businesses are more competitive and communities are able to improve their economic status	Number of businesses and organizations supported	600	March 31, 2016
	Ratio of funds leveraged against FedDev Ontario contributions	1:1	March 31, 2016
	Number of full-time equivalents created and maintained in eastern Ontario communities participating in the Eastern Ontario Development Program	2,100	March 31, 2016

Planning Highlights

Renewed as part of the Government of Canada's Budget 2013 commitments and in recognition of the important role eastern Ontario plays in the prosperity of the region, the Eastern Ontario Development Program serves as a catalyst in eastern Ontario communities by providing support for key partnerships and projects that target the expansion of community economic assets, infrastructure renewal, job creation and business growth.

In 2015–16, FedDev Ontario will work collaboratively with eastern Ontario CFDCs and the Eastern Ontario CFDC Network to promote the growth of new and existing eastern Ontario businesses. By leveraging funding from external partners, activities supported under this sub-program will focus on large, strategic and collaborative projects that will provide long-term economic benefits for multiple communities and strengthen the linkages between rural and urban areas.

Sub-Program 1.3.3: Official Language Minority Communities

Description

This sub-program is necessary to help ensure the long-term economic growth and sustainability of official language minority communities in southern Ontario. It is also part of the Government of Canada's Roadmap for Canada's Official Languages 2013–2018.

This sub-program includes a national program—the Economic Development Initiative—which provides funding to Francophone and bilingual organizations to help create jobs and promote economic development and sustainable growth in Francophone communities. Through this funding, official language minority communities are better able to strengthen innovation, entrepreneurship, and partnerships within their regions and work to sustain their economic activities.

This sub-program uses funding from the following transfer payment: Economic Development Initiative.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
1,221,542	1,220,616	1,207,194

Human Resources (FTEs)

2015–16	2016–17	2017–18
2	2	2

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Official language minority communities have access to economic opportunities to help build strong communities	Number of businesses and organizations supported as a result of Economic Development Initiative funding	230	March 31, 2016
	Number of partnerships established as a result of Economic Development Initiative funding	9	March 31, 2016
	Funds leveraged against FedDev Ontario contributions	\$740,000	March 31, 2016

Planning Highlights

Although southern Ontario is home to the largest Francophone population outside of Quebec, Francophone communities in the region continue to experience persistent challenges, such as barriers to accessing training and business information in French, and youth out-migration in rural, official language minority communities.

In 2015–16, through its Economic Development Initiative, FedDev Ontario will continue to address these challenges with a focus on two areas: strategic community economic planning and business economic development. The strategic community economic planning priority will focus on projects that enhance the economic base and competitiveness of Francophone businesses and communities. The business and economic development priority will focus on projects that respond to identified needs of Francophone communities by fostering local economic growth, including the growth of community-identified industry sectors and youth internships.

In support of these two areas of activity, priority will be given to larger-scale projects and projects that demonstrate benefits to multiple Francophone communities across southern Ontario.

Sub-Program 1.3.4: Regional Diversification

Description

By bringing not-for-profit organizations and private sector/community partners together to build on economic advantages, this sub-program aims to respond to regional challenges and opportunities, and develop mechanisms for creating competitive and resilient communities.

This sub-program supports the long-term development of stronger, more diverse economies in southern Ontario communities through the leveraging of unique regional assets and local expertise to attract new investment and opportunities for regional economic growth and development.

Funding will support projects that: enhance business attraction, investment and employment opportunities in southern Ontario regions and communities; strengthen regional businesses and clusters with the goal of economic diversification and sustainability; develop and expand collaborative efforts to strengthen regional assets and competitiveness; and improve the economic circumstances of communities facing distress.

This sub-program uses funding from the following transfer payment: Southern Ontario Prosperity Initiatives.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
10,941,094	7,288,597	7,546,711

Human Resources (FTEs)

2015–16	2016–17	2017–18
6	6	6

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Southern Ontario economies are stronger and more diverse	Ratio of funds leveraged against FedDev Ontario contributions	1:1	March 31, 2019
	Number of full-time equivalents created and maintained in projects participating in the Investing in Regional Diversification initiative	1,250	March 31, 2019
	Total number of organizations supported	50	March 31, 2019

Planning Highlights

Structural adjustments and the impact of the recession continue to challenge many southern Ontario communities. These communities have identified a need to diversify or transition their economies to new areas of economic activity, but are faced with increased competition to attract businesses and a lack of incentives to collaborate.

In 2015–16, FedDev Ontario, through its Investing in Regional Diversification sub-program, will work to leverage the economic strengths and assets of local communities so they can take advantage of emerging opportunities. It will also focus efforts on working with businesses and not-for-profit organizations to support projects that enhance business attraction, investment and employment opportunities in southern Ontario regions and communities; strengthen regional businesses and clusters; enhance economic diversification and sustainability; further develop and expand collaborative efforts to augment regional assets and competitiveness; and improve the economic circumstances of communities facing distress.

A key area of focus in the coming year will be working with local stakeholders in southern Ontario communities to encourage multi-community collaborations that identify regional assets and projects that can create new economic opportunities. Through this sub-program, FedDev Ontario will also encourage regional partners to focus resources, where possible, on projects that prioritize long-term economic competitiveness and sustainability in their communities.

Sub-Program 1.3.5: Infrastructure Delivery

Description

This sub-program includes the delivery of funding on behalf of other government departments and/or in partnerships with other orders of government to provide assistance to not-for-profit, private and public sector entities for a range of infrastructure priority areas. This sub-program includes infrastructure investments that help support a prosperous economy for Ontario and Canada by maintaining and continuing to attract highly skilled workers, businesses, and

investors. It also supports innovation in various industries, particularly the construction sector, by promoting modernization, the implementation of new technologies and the acceleration of product development to market, thereby positioning the province and the country to better compete in the global, knowledge-based economy.

Budgetary Financial Resources (dollars)

2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending ¹²
5,778,847	12,414,803	1,107,231

Human Resources (FTEs)

2015–16	2016–17	2017–18
12	12	12

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Southern Ontario infrastructure is able to support future economic development and growth	Total number of infrastructure projects completed and fully administered	35	March 31, 2016
	Total number of infrastructure projects that are ongoing and continue to be administered	71	March 31, 2016
	Ratio of funding leveraged from other sources	1:1	March 31, 2016

Planning Highlights

In addition to having strong programs and services aimed at evolving and expanding southern Ontario communities, having access to modern, technologically sophisticated and diverse infrastructure will assist communities in attracting and retaining new and innovative businesses, as well as large multi-national corporations, investors, research institutions, technology clusters and highly-skilled workers.

Recognizing the primary role modern infrastructure plays in supporting the long-term economic competitiveness and sustainability of southern Ontario, FedDev Ontario will continue to work with stakeholders in 2015–16, including other federal departments and agencies, the provincial government, municipalities, First Nations, and not-for-profit organizations, to support investments in public infrastructure across Ontario.

¹² The reduction in planned spending is primarily due to a total of \$11.2 million allocated for the Brantford Greenwich-Mohawk Brownfield Remediation project and Massey Hall Revitalization project in 2016–17 that does not continue in 2017–18.

In 2015–16, FedDev Ontario will also continue delivery of the Massey Hall Revitalization project. With an investment of \$4.6 million in 2015–16, the project will contribute to the rehabilitation of an historic facility, providing a modern venue for concerts and events that will help to attract many of the world’s leading performers to the region. Further, FedDev Ontario will focus on working with Infrastructure Canada and the Government of Ontario to continue to deliver the Building Canada Fund – Communities Component Regular Intake. This includes processing payments to funding recipients and ensuring ongoing monitoring and reporting of projects that are required to complete construction by March 31, 2016.

In addition, FedDev Ontario will continue to monitor and report on the Brantford Greenwich–Mohawk Brownfield Remediation project, as well as projects that received funding under the Community Adjustment Fund and Community Infrastructure Improvement Fund.

Internal Services

Description

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

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending ¹³
16,076,604	16,076,604	16,010,353	15,263,655

Human Resources (FTEs)

2015–16	2016–17	2017–18
111	111	111

Planning Highlights

FedDev Ontario’s internal service functions will continue to deliver high-quality and timely service across the organization in 2015–16 to support program delivery activities, expand its

¹³ The reduction in planned spending reflects a decrease in FedDev Ontario’s available operating funding as a result of sunseting programming and other adjustments.

policy and research agenda, and deliver on administrative and corporate requirements. It is also a primary responsibility of multiple Internal Services business units to ensure FedDev Ontario is compliant with Government of Canada policies and directives (e.g., *Official Languages Act*, Web Modernization, Open Government, etc.). These obligations continue to require dedicated effort and investment as they constitute a significant portion of Internal Services activities year-over-year.

Focus for the coming year will be on advancing core activities including the external awareness and engagement with respect to FedDev Ontario programming and advocating southern Ontario's economic potential. To this end, a more targeted approach will be taken when appealing to sector and industry stakeholders to ensure that FedDev Ontario is directing its investments to areas that will benefit the most and that have the potential for long-term effectiveness. This strategic approach to investing has the potential to bring new partners together and create new economic clusters and centres of excellence that may otherwise not have materialized due to lack of other convenor and co-investor opportunities.

In terms of its policy and research capacity, FedDev Ontario will continue to apply its expertise in these areas to provide strategic, evidence-based advice and analysis to both internal direction-setting and program design as well as to the government-wide policy development discussion. By leveraging its integrated approach to policy and research, FedDev Ontario will continue to build its “on the ground” knowledge of southern Ontario and identify key factors for decision-making, including strategic sectors, emerging and disruptive technologies, prospective economic clusters and opportunities for collaborations and engagements.

In order to advance FedDev Ontario's priorities it will be essential to have the right people in the right places at the right time. This requires a concerted effort to develop and retain internal talent and provide them with the opportunities to grow and excel and contribute towards the success of the organization as a whole. In 2015–16, emphasis will be on skills development and succession planning to ensure that employees have the tools and knowledge to provide sound advice, make informed decisions on a timely basis, and continue to provide excellent service to clients. FedDev Ontario will also continue its commitment to broader employee engagement and transparency through its internal governance initiative and transformation agenda. These efforts provide greater opportunities for employees and managers to participate in executive-level discussions and provide insights and commentary to assist in more holistic decision-making.

Systems and process enhancements in 2015–16 will also support more effective program delivery and help streamline administrative processes. FedDev Ontario will work in conjunction with other regional development agencies to pursue the implementation of a case management system to make the delivery of transfer payment programs more effective and efficient. This

system will also include a client management component that will enable more direct engagement with external clients. Furthermore, FedDev Ontario will also advance its financial management and forecasting activities in 2015–16 to support the ongoing prudent management of public funds.

To facilitate greater client and stakeholder interaction and support employee wellness, FedDev Ontario will relocate its current headquarters from Kitchener to Waterloo in 2015–16. This move aligns with the Government of Canada’s Workplace 2.0 initiative and will meet the objectives of creating a modern workplace that will attract, retain and enable public servants to work smarter, greener and healthier to better serve Canadians.

With the beginning of the second year of its renewed mandate, FedDev Ontario continues to evolve and adapt to emerging issues and trends to ensure it serves the southern Ontario region effectively. Strengthened performance measurement efforts and demonstrating the results of its activities will be an ongoing objective within the internal service area in 2015–16 as FedDev Ontario looks to distinguish itself as a key performer in the future economic prosperity of southern Ontario and Canada as a whole.

Section III: Supplementary Information

Future-Oriented Statement of Operations

The future-oriented condensed statement of operations provides a general overview of FedDev Ontario's operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the future-oriented condensed statement of operations is prepared on an accrual accounting basis, and the forecast and planned spending amounts presented in other sections of the Report on Plans and Priorities are prepared on an expenditure basis, amounts differ.

A more detailed future-oriented statement of operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, can be found on [FedDev Ontario's website](#).^{iv}

Future-Oriented Condensed Statement of Operations For the Year Ended March 31 (dollars)

Financial Information	2014–15 Estimated Results	2015–16 Planned Results	Difference
Total expenses	141,882,261	154,283,870	12,401,608
Total revenues	0	0	0
Net cost of operations	141,882,261	154,283,870	12,401,608

FedDev Ontario's condensed statement of operations demonstrates an anticipated increase in total expenses year-over-year, which aligns with the 2014–15 to 2015–16 spending pattern as presented in Section I of this document. While the trend is consistent, the increase above is not as significant as compared to the totals in the Budgetary Planning Summary table in Section I due to an anticipated increase in FedDev Ontario's repayable contribution portfolio in 2015–16. For the purposes of the future-oriented statement of operations, repayable contributions (loans) are considered to be FedDev Ontario assets given the fact that recipients are obligated to repay the funds they received over a specified period of time upon completion of the project. As FedDev Ontario is forecasting the value of its repayable contribution agreements provided in 2015–16 to be more than double those provided in 2014–15, this higher asset total offsets total expenses.

Supplementary Information Tables

The supplementary information tables listed in the *2015–16 Report on Plans and Priorities* can be found on [FedDev Ontario's website](#).^v

- ▶ Departmental Sustainable Development Strategy;
- ▶ Details on Transfer Payment Programs of \$5 Million or More;
- ▶ Disclosure of Transfer Payment Programs Under \$5 Million;
- ▶ Upcoming Internal Audits and Evaluations Over the Next Three Fiscal Years.

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the [Tax Expenditures and Evaluations](#)^{vi} publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication are the responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Canada

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Appendix: Definitions

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

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

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

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

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

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

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

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

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

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

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

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

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

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

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

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

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

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

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

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

- i. *Financial Administration Act*, <http://laws-lois.justice.gc.ca/eng/acts/f-11/>
- ii. Whole-of-government framework, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>
- iii. *2015–16 Main Estimates*, <http://publiservice.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp>
- iv. *2015–16 Future-Oriented Statement of Operations*,
<http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02136.html>
- v. 2015–16 Supplementary Tables, <http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02135.html>
- vi. *Tax Expenditures and Evaluations* publication, <http://www.fin.gc.ca/purl/taxexp-eng.asp>