

Federal Economic Development Agency for Southern Ontario

2017–18

Departmental Results Report

The Honourable Navdeep Bains, P.C., M.P.

Minister of Innovation, Science and Economic
Development

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Minister's message

I am pleased to present the 2017–18 Departmental Results Report for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario).

Over the past year, through integrated work across the various organizations of the Innovation, Science and Economic Development Portfolio, the Government of Canada worked very hard to improve Canada's global competitiveness while creating jobs, nurturing growth and strengthening our country's middle class.

In 2017–18, the Portfolio continued to implement the Innovation and Skills Plan to promote innovation and science, including support for scientific research and the commercialization of research and ideas. The Plan also encourages Canadian small businesses to grow, scale-up, and become more productive, more innovative and more export-oriented. An important area of this work included promoting increased tourism in Canada and the creation of new opportunities in our tourism sector. The Plan's overarching aim to position Canada as an innovation leader has been the driving focus of the Portfolio's programs.

FedDev Ontario plays a key role in delivering the Innovation and Skills Plan in Canada's most populous region, making strategic investments that catalyze southern Ontario's economic growth. Over the past year, FedDev Ontario has delivered programs and services and has convened activities that are building on regional competitive advantages and spurring innovation in the region. Through business development, commercialization of new technologies, support for clean technology, inclusive growth and community transformations, FedDev Ontario is promoting the development of a strong and diversified southern Ontario economy and, in turn, contributing to Canada's prosperity.

Through deep collaborations and inclusive partnerships, the Innovation, Science and Economic Development Portfolio organizations have embarked on a shared journey to stronger, cleaner and more inclusive economic competitiveness that benefits all Canadians. This report documents the contributions that FedDev Ontario is making towards this important work.



**The Honourable
Navdeep Bains
Minister of Innovation,
Science and Economic
Development**

Results at a glance

2017–18 Actual Spending	2017–18 Actual Full-time Equivalents (FTEs)
\$250,251,130	233

- In 2017–18, the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) invested \$220.1 million through its transfer payment programs to projects that supported innovation, growth and economic diversification in southern Ontario.
- Corresponding directly to the government's priorities outlined in the Innovation and Skills Plan, some of these investments include:
 - \$14.5 million in Indigenous projects;
 - \$32.6 million in clean technology projects;
 - \$80.3 million in advanced manufacturing; and
 - \$32.6 million in community economic development and diversification.
- Through the Accelerated Growth Service (AGS) initiative, FedDev Ontario helped to connect 73 high-growth firms in southern Ontario with government programs and services available in the region.
- FedDev Ontario organized and supported over 140 events, including funding announcements, Ministerial speaking opportunities and project milestone celebrations.
- Through Canada Business Ontario (CBO), FedDev Ontario provided entrepreneurs with information to start, manage or grow small- to medium-sized businesses. In 2017–18, CBO's contact centre responded to 17,909 enquiries from the public and had 3,106 direct interactions with entrepreneurs through its outreach activities.
- The Agency worked with southern Ontario firms to identify opportunities to participate in defence procurement projects in support of the Industrial and Technological Benefits Policy. In 2017–18, FedDev Ontario held 130 meetings with regional firms and 60 meetings with major defence contractors, organized four industry events and two supplier tours to promote defence procurement opportunities for southern Ontario businesses.

For more information on the Federal Economic Development Agency for Southern Ontario's plans, priorities and results achieved, see the "Results: what we achieved" section of this report.

Raison d'être, mandate and role: who we are and what we do

Raison d'être

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) was created in 2009 to work with communities, businesses, not-for-profit organizations and other levels of government in southern Ontario, to actively promote the region, and to build a strong foundation of investment and partnerships to help secure the region's economic growth and long-term prosperity.

As announced in Budget 2018, FedDev Ontario's mandate was renewed for a third term, from 2018–19 to 2023–24. The Agency has been allocated \$920 million in core funding for this six-year period to support economic growth in southern Ontario through the delivery of federal programs and services. With renewed funding, FedDev Ontario will continue to deliver programs and services to support innovation and economic growth, leading to the jobs of the future and maintaining Canada's competitive edge in the fast-paced and increasingly global economy.

Mandate and role

The Agency's core mandate is to: strengthen southern Ontario's economic capacity for innovation, entrepreneurship and collaboration; and promote the development of a strong and diversified southern Ontario economy.

To achieve its mandate, FedDev Ontario currently delivers three core transfer payment programs designed to address specific opportunities and challenges facing the region: the Southern Ontario Prosperity Initiatives (SOPI); the Advanced Manufacturing Fund (AMF); and the Eastern Ontario Development Program (EODP). FedDev Ontario, like other regional development agencies (RDAs) across the country, also plays an important role as a federal delivery agent for national programs in southern Ontario—specifically the Community Futures Program, the Economic Development Initiative and the Canada 150 Community Infrastructure Program.

For some national initiatives, FedDev Ontario delivers services at the regional level to firms and other stakeholders, such as Canada Business Ontario and support for the Industrial Technological Benefits Policy. FedDev Ontario works with federal partners on the Accelerated Growth Service initiative, which helps high-growth firms scale up by providing them with a coordinated and streamlined approach to accessing federal business support services. In addition, the Agency is playing a leadership role in establishing Foreign Trade Zone (FTZ) points in southern Ontario which help to reduce costs and paperwork for manufacturers, foster business expansion, facilitate export activity and attract foreign investment to the region.

With its headquarters in Waterloo and offices in Toronto, Peterborough and Ottawa, FedDev Ontario has a presence across southern Ontario and facilitates collaboration with a broad range of stakeholders, including post-secondary institutions, not-for-profit organizations, municipal and provincial governments, Indigenous communities and private sector firms. FedDev Ontario plays an important role in convening key regional stakeholders to seek a common vision and encourage the development of coordinated plans. A particular emphasis is placed on working closely with the Government of Ontario and key federal departments and agencies to support the southern Ontario economy. In addition, through ongoing partnerships with other federal departments and agencies, FedDev Ontario ensures that the perspectives of southern Ontario are reflected in decision-making at the federal level.

For more general information about the Agency, see the “Supplementary information” section of this report. For more information on the Agency’s organizational mandate letter commitments, see the [Minister’s mandate letter](#).ⁱ

Operating context and key risks

Operating context

Southern Ontario is a key contributor to the Canadian economy. The region is home to more than 13 million people, representing over 35 percent of Canada's population; a population that is growing and increasingly diverse. It accounts for nearly 40 percent of Canada's gross domestic product (GDP) and domestic exports and produces half of all Canadian manufacturing exports. Southern Ontario is also home to key economic clusters, including automotive, finance, information communications technology (ICT) and life sciences, and is a hub for emerging clusters such as cyber-security, regenerative medicine and bio-based chemicals, among others. The region's innovation ecosystem, including an educated labour force, over 100 incubators and accelerators, 40 post-secondary education institutions and thousands of aspiring entrepreneurs and venture capitalists, provides the necessary ingredients for economic growth.

Similar to other advanced economies, the region is undergoing a shift towards a service-oriented and knowledge-based economy. While unemployment has declined in recent years, there is evidence of underemployment, with over 30 percent of Ontario's university educated employees (2011) working in jobs not usually requiring a university degree. Ontario has experienced consistent GDP growth (averaging 2.6 percent real GDP growth over the past three years), it remains to be seen whether this growth is sustainable and the extent to which it is driven by housing prices, public sector growth and consumer spending. Recent growth has been largely centred on the Greater Toronto Area and mid-sized cities like Kitchener-Waterloo, Hamilton and Ottawa, while many smaller, rural and manufacturing communities have grown at a slower rate.

Although southern Ontario leads Canada in research and development (R&D)—nearly half of all Canadian private-sector R&D is performed in Ontario—opportunities for growth remain, with the rate of commercialization potentially increased if the rate of investment was raised to a level comparable with global peers. Similarly, opportunities exist to better leverage the significant investments that have been made in higher education R&D in southern Ontario so that new products can be brought to market at a higher rate. In addition, increasing investments in machinery and technology, and the availability of risk capital, have the potential to increase productivity across the region.

To maximize these opportunities, FedDev Ontario works to strengthen regional innovation ecosystems by: helping partners to drive clean economic growth; supporting firms' ability to scale up; become more productive and access new markets; supporting innovation consortia and clusters; and investing in projects that create good, well-paying jobs and economically diversified and resilient communities. The innovation focus of all FedDev Ontario programs and services make the Agency a key contributor to Canada's Innovation and Skills Plan.

Key risks

In 2017–18, FedDev Ontario identified three key risks to the effective delivery of its mandate: the broader economic context; the Agency's information technology systems and infrastructure; and human resources management.

The southern Ontario economy continues to adjust to the pressures and opportunities associated with globalization and the evolving economic landscape. Southern Ontario relies on access to markets and foreign investments for economic prosperity. Shifts in the global market and slower economic growth could impact investment decisions, growth and exports by southern Ontario businesses. As a consequence, this uncertainty can have an effect on the ability of projects funded by FedDev Ontario to fully realize their expected outcomes. To mitigate this risk in 2017–18, FedDev Ontario continued to undertake rigorous due diligence on the projects it supported, consulted broadly with stakeholders and recipients, and performed timely analysis and research to ensure that its programming reflected government priorities and responded to the region's challenges and opportunities. The Agency also mitigates this risk through a continuous and open dialogue and collaboration with a wide variety of regional stakeholders.

FedDev Ontario relies on other departments for the provision of key information technology (IT) systems and infrastructure. This situation creates a risk that IT systems and infrastructure may be insufficiently integrated or adaptable to support client/user needs and program/business processes affecting the Agency's ability to maximize its organizational efficiency, the quality of its decision-making and the effectiveness of stakeholder interventions. To mitigate this risk in 2017–18, FedDev Ontario undertook a number of measures, including managing Recordkeeping and Open Government Implementation plans to contribute to effective information management practices, collaborating with federal partners on the development of enterprise solutions and continuing to evaluate service delivery models to effectively support the Agency's mandate.

Another key risk was in the area of human resource management. FedDev Ontario remains a young and geographically dispersed organization, with its headquarters in the dynamic Region of Waterloo, which offers many employment opportunities, potentially contributing to staff turnover. To mitigate this risk, the Agency created and implemented a multi-faceted Talent Acquisition Strategy and launched several initiatives to situate FedDev Ontario as a workplace of choice.

Key risks

Risks	Mitigating strategy and effectiveness	Link to the department's Programs	Link to mandate letter commitments and any government-wide or departmental priorities
Evolving Economic Context	<ul style="list-style-type: none"> • Continued to monitor the regional economy and review the relevance of Agency programming to ensure it continues to serve the needs of the region. • Leveraged the Agency's convener role to help connect firms in the region with other federal and provincial supports. • Made strategic investments to support diversification and the emergence of new clusters and consortia. 	<ul style="list-style-type: none"> • Technological Innovation • Business Development • Community Economic Development • Internal Services 	<ul style="list-style-type: none"> • Strengthening the middle class • Fostering an innovative and clean economy • Making strategic investments that build on competitive regional advantages
Managing Information	<ul style="list-style-type: none"> • Continued to work collaboratively across the Agency to ensure that business needs are adequately supported through existing IT infrastructure and systems. The Agency's Open Government Working Group provided a cross-Agency forum to ensure dissemination of information and consistency in approach to dataset inventory and data publication approach. • Further institutionalized related information management practices to ensure information for decision making is disseminated in a timely manner and is quickly accessible for all employees. • Continued the partnership with regional development agencies 	<ul style="list-style-type: none"> • Technological Innovation • Business Development • Community Economic Development • Internal Services 	<ul style="list-style-type: none"> • Strengthening the middle class • Fostering an innovative and clean economy • Making strategic investments that build on competitive regional advantages

	across Canada on the shared development of the Grants and Contributions Program Management (GCPM) system as a modern system for managing grants and contributions (G&Cs). Continued internal work around data management and governance in preparation for the implementation of this new system in 2018–19.		
Human Resource Management	<ul style="list-style-type: none"> • Expanded on existing talent retention and development initiatives throughout the Agency to develop internal staff, while promoting and maximizing the use of Canada School of the Public Service and collaborating with the Ontario Federal Council on joint talent management initiatives. • Pursued targeted and innovative recruitment initiatives, including the production of several new recruitment videos featuring Agency staff members highlighting the difference they are making in Southern Ontario. • Developed a PSEAS Action Plan and activities to support a respectful workplace culture built on openness and knowledge sharing. 	<ul style="list-style-type: none"> • Technological Innovation • Business Development • Community Economic Development • Internal Services 	<ul style="list-style-type: none"> • Strengthening the middle class • Fostering an innovative and clean economy • Making strategic investments that build on competitive regional advantages

Results: what we achieved

Programs

Program 1.1 Technological Innovation

Description

The Technological Innovation program supports the southern Ontario economy by encouraging the creation of innovative products, services, processes and markets so as to contribute to the region's competitiveness. This is achieved by focusing on key sectors and clusters and by strengthening linkages between the region's businesses, post-secondary institutions and not-for-profit organizations to leverage key regional assets and spur the advancement of transformative technologies and innovation. By facilitating these strategic partnerships, FedDev Ontario aims to improve the region's productivity, competitiveness and attractiveness as a location of choice for investment.

Investments through this program support large-scale, incremental and transformative activities that increase productivity and market diversification. While available to both for-profit and not-for-profit organizations, project funding requires that outcomes benefit southern Ontario businesses.

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

Results

This program consists of activities and investments made through the Investing in Commercialization Partnerships (ICP) initiative and the Advanced Manufacturing Fund (AMF). In 2017–18, FedDev Ontario disbursed \$68 million to support a portfolio of projects under the ICP and AMF sub-programs. These multi-year projects contributed to innovation, productivity and the commercialization of technologies and market-driven solutions in priority sectors, including several key growth industries: advanced manufacturing, agri-food, clean technology, digital industries and health and bio-sciences.

Efforts have been focused on engagement with recipients to monitor progress toward outcomes and regular discussions with regional stakeholders to identify future project opportunities that would strengthen technological innovation and adoption.

In 2017–18, FedDev Ontario invested in Sanofi Pasteur Limited through the AMF to establish one of the most advanced vaccine manufacturing facilities in the world. The company will double the output of its life-saving vaccines by 2023 and launch the Canadian researched and developed pertussis—or whooping cough—vaccine into over 30 new international markets, protecting children and families in Canada and all over the world.

Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2017–18 Actual results	2016–17 Actual results	2015–16 Actual results
Strengthened innovation, partnerships and commercialization in southern Ontario	Share of Ontario's employment in Knowledge-Intensive Business Services (KIBS) ¹	The share of Ontario's employment in KIBS is at least 6.6% in 2018.	March 31, 2018	6.6% in 2017	6.48% in 2016	6.40% in 2015
	Business enterprise expenditure on research and development	Strengthen private sector investment in research and development	March 31, 2018	Not available ²	Not available ²	\$7.7 billion in 2015

¹ 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).

² Results for the current indicator have not been released. Statistics Canada is expected to publish the data for 2016 by late-2018/2019 and data for the 2017 reporting period is expected to be released in 2019/2020.

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
93,112,054	93,112,054	89,025,628	70,271,088	(22,840,966)

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
19	19	0

Program 1.2 Business Development**Description**

There are approximately 360,000 businesses, especially small- and medium-sized enterprises (SMEs), in southern Ontario. The Business Development program provides support for business services and counselling and access to capital to encourage the growth of early-stage companies. It helps existing businesses expand domestically and globally; supports companies/sectors to improve productivity; facilitates linkages and collaborations among businesses; and helps 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 southern Ontario along a life-cycle continuum—from entrepreneurship to expansion.

Results

The Business Development program includes FedDev Ontario's Investing in Business Innovation (IBI) and Investing in Business Growth and Productivity (IBGP) initiatives. During 2017–18, these initiatives continued to strengthen angel networks in southern Ontario, support southern Ontario businesses to access capital and develop employee skills, and improve business productivity and performance.

The IBI initiative continued to receive strong interest from key stakeholders within regional innovation ecosystems, start-ups and established companies. Through the IBI initiative, a total of six contribution agreements were executed in 2017–18 for projects with a funding total value of more than \$1.3 million. These contributions will enable early-stage companies to leverage angel and venture capital to support the launch of innovative technologies, products and services. The investments also support not-for-profit organizations that provide initial angel investments and skills development to early-stage companies, allowing them to commercialize and scale.

FedDev Ontario continued to support 37 projects in 2017–18 with spending of \$15.8 million under the IBI initiative. One example was Accelerated Systems Inc., a Waterloo-based company providing electrical vehicle controls, advanced electric motors and software-supported drive train solutions for manufacturers of premium light electric and hybrid vehicles. Accelerated Systems Inc., is receiving up to \$800,000 to commercialize its new electric drive train. The project will allow the company to launch a global business strategy and expand the company's management and sales teams.

The IBGP initiative focuses its resources primarily on supporting established businesses, as well as not-for-profit organizations that assist southern Ontario SMEs, to improve business productivity and global competitiveness. During 2017–18, efforts were focused on monitoring progress of investments towards outcomes. The majority of these investments supported companies expanding their manufacturing facilities and capabilities, and all have helped position firms to be more globally competitive.

Demand for IBGP programming remained strong. Investments have been made across traditional and emerging sectors, with all geographic regions across southern Ontario represented. Growth in advanced manufacturing, with a particular focus on clean economic growth and greater efficiencies in processes and product development, is facilitating innovation driven growth for SMEs within southern Ontario's economy. These growth opportunities are allowing southern Ontario SMEs to be further integrated into global supply chains and seek new investments in technologies and equipment.

Frulact Canada, located in Kingston, Ontario, was approved for a repayable contribution of up to \$4.5 million through FedDev Ontario's IBGP initiative. The FedDev Ontario contribution supported construction and equipment costs for its new research and development and food processing facility, and is helping the company introduce advanced technology and innovation into the food and beverage industry.

In Budget 2018, the Government of Canada reinforced efforts to support high-potential firms through the consolidation of the Accelerated Growth Service (AGS), an initiative through which established high-growth firms are offered information and potential access to relevant federal and/or external programs and services intended to help with specific growth objectives, and the Industrial Research Assistance Program's concierge service. Over the 2017–18 fiscal year, FedDev Ontario worked with its AGS partners to connect 73 high-growth firms in southern Ontario with government programs and services available in the region.

Canada Business Ontario (CBO) supports entrepreneurs in starting, managing and/or growing small- to medium-sized businesses by providing information on federal and provincial programs, services and regulations, as well as secondary market research, free of charge. CBO has three main service channels: contact centre services, information/web presence and outreach.

In 2017–18, CBO's contact centre responded to 17,909 enquiries and completed 596 secondary market research requests. Ontario clients generated 1.15 million visits to the Innovation Canada website (previously the Canada Business Network website) and 0.6 million visits to the Canada Business Ontario website. The outreach activities had over 3000 direct interactions by participating in 91 events across Ontario, and with almost 50,000 attendees including youth, newcomer, Indigenous and women entrepreneurs, and social enterprises. CBO exemplified the “No Wrong Door” approach to serving Ontarians through partnership with the Government of Ontario.

FedDev Ontario leveraged economic benefits for southern Ontario from Canadian defence procurements consistent with the Government of Canada's Industrial and Technological Benefits Policy. In 2017–18, FedDev Ontario held 130 meetings with firms in the region, as well as 60 meetings with major defence contractors. The Agency responded to eight separate requests from defence contractors for the identification of possible southern Ontario suppliers and 27 introductions were brokered for southern Ontario firms with major defence contractors. Fifteen research centre to company introductions were also brokered. The Agency promoted southern Ontario at 12 trade shows, developed and led two supplier identification tours for major defence contractors and organized four industry events highlighting defence procurement-driven business opportunities. The latter included a cyber forum in Waterloo, which brought together almost 200 representatives from industry, universities and government to discuss and share insights on the latest trends and business opportunities in cyber security and defence.

Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2017–18 Actual results	2016–17 Actual results	2015–16 Actual results
Improved business growth, productivity and global competitiveness in southern Ontario	Private sector investment in machinery and equipment in Ontario	To support businesses in meeting or exceeding their 2017 investment intentions ¹	March 31, 2018	Preliminary estimates (\$21.8 billion) indicate that business investments in machinery and equipment in Ontario fell in 2017 by \$200 million, but were still higher than 2014 levels	Results (\$22.0 billion) indicate that business investments in machinery and equipment in Ontario decreased in 2016 by \$300 million, but were still higher than 2014 levels	Results (\$22.3 billion) indicate that business investments in machinery and equipment in Ontario increased in 2015 by \$3.8 billion
	Ontario's business labour productivity	\$47.09 per hour	March 31, 2018	Preliminary estimates indicate that business labour productivity in Ontario for 2017 was \$47.9 per hour	\$47.00 per hour in 2016	\$46.30 per hour in 2015
	Venture capital investment in Ontario	Increased venture capital investment in Ontario	March 31, 2018	Results (\$1.4 billion) indicate that total venture capital investments in Ontario decreased slightly in 2017 compared to 2016 (\$100 million)	Results (\$1.5 billion) indicate that total venture capital investments in Ontario increased in 2016 compared to 2015 (\$933 million)	Results (\$933 million) indicate that total venture capital investment in Ontario increased in 2015 compared to 2014 (\$932 million)
¹ Since 2015, Statistics Canada reports on actual values of investments replacing the data series on investment intentions, therefore the target reflects actual investments in current prices.						

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
54,998,686	54,998,686	60,857,634	60,782,179	5,783,493

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
51	62	11

Program 1.3 Community Economic Development**Description**

This program supports the 288 communities (small and large, rural and urban, Francophone and Indigenous) in southern Ontario that are home to more than 13 million residents. The ability of these communities to attract the best talent and compete for investments is critical to the economic competitiveness and long-term prosperity of southern Ontario.

Resilient, welcoming and innovative communities are best able to drive economic diversification. FedDev Ontario provides strategic investments 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. It works with others, including the Government of Ontario and municipalities, to support community infrastructure needs within southern Ontario.

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

Transfer payments in support of this program were administered through contribution agreements with businesses, not-for-profit organizations, Indigenous communities, post-secondary institutions and municipalities.

Results

Through the Community Economic Development program, FedDev Ontario provided funding in 2017–18 to help communities in southern Ontario build on competitive regional advantages, create opportunities for economic diversification, support high-quality employment and address critical infrastructure requirements. Programming supported rural, eastern, Francophone and Indigenous communities in southern Ontario to address distinct economic challenges through direct funding and third-party delivery partners.

Under the Community Futures Program (CFP), FedDev Ontario continued to support rural and Indigenous communities in southern Ontario in 2017–18. Working through contribution agreements with Community Futures Development Corporations (CFDCs) to support their operations, local businesses took advantage of continued access to business counselling and loan services in the region, which resulted in 693 new loans by CFDCs to SMEs in 2017–18 valued at \$50.2 million.

Through these loans and associated business counselling services, the CFP was able to assist 4,882 businesses and aid in creating 4,054 jobs while maintaining another 7,362 jobs in rural southern Ontario communities. The CFDCs and their networks were also able to leverage approximately \$4.40 for every dollar contributed by FedDev Ontario. In addition, FedDev Ontario continued to collaborate with CFDCs in southern Ontario to further strengthen their capacity and impacts within their communities.

Through CFP funding, the Cornwall CFDC launched the Cross-Border Partnership Project (CBPP) in Cornwall to improve trade across both international and Indigenous jurisdictions. The CBPP aims to improve the economic prosperity of local municipalities and the Akwesasne Reserve by building capacity for joint community economic planning and projects. Success of the project resulted in a formalized agreement between three Chambers of Commerce, which is considered to be the first of its kind in Canada.

In 2017–18, FedDev Ontario also provided community support through an investment of \$9.6 million under the Eastern Ontario Development Program (EODP). Through agreements with the 15 Eastern Ontario CFDCs, \$7.25 million was invested in local projects to promote the growth of new and existing businesses and advance community-led economic development to enhance and diversify local economies. An additional \$2.35 million was delivered by the Northumberland CFDC in Collaborative Economic Development Projects (CEDP), which leveraged \$2.38 million in funding from external partners. The CEDP focused on strategic investments that built on competitive regional advantages and supported economic development projects to strengthen and diversify the economy of Eastern Ontario by focusing on communities who have relied on a single economic sector and/or experienced difficulty entering the innovation economy. The Northumberland CFDC continued to leverage existing partnerships to deliver the CEDP, including the other 14 CFDCs across Eastern Ontario, post-secondary institutions, Chambers of

Commerce, manufacturers' associations, industry associations, economic development organizations, the Ontario East Economic Development Commission and the Eastern Ontario Wardens' Caucus.

In 2017–18, through the Economic Development Initiative (EDI), FedDev Ontario continued to address challenges faced by Francophone communities in southern Ontario, such as barriers to accessing training and business information in French, and youth out-migration in rural Official Language Minority Communities. Through a total investment of \$979,612, four active EDI projects were successfully completed. In 2017–18, FedDev Ontario focused significant efforts on engaging with the Official Language Minority Communities (OLMCs) in southern Ontario to communicate the Government of Canada's priorities under the Innovation and Skills Plan, better understand the needs of OLMCs and inform the relaunch of the EDI in 2018–19.

Through the Investing in Regional Diversification (IRD) initiative, FedDev Ontario continued to make strategic investments to help southern Ontario communities leverage their economic strengths and local assets to promote economic diversification and sustainability. To this end, FedDev Ontario invested \$10.8 million in six active IRD projects to help communities leverage their economic strengths and unique assets to take advantage of emerging opportunities. Throughout 2017–18, FedDev Ontario engaged with these recipients to monitor progress towards targeted outcomes.

FedDev Ontario continued its commitment to strengthening regional competitiveness through investments in public infrastructure in Ontario communities. FedDev Ontario continued to administer the Canada 150 Community Infrastructure Program in southern Ontario, which included funding of up to \$88.8 million by March 31, 2018. In addition, FedDev Ontario administered the City of Brantford's Mohawk Lake Remediation project, with a multi-year federal investment of up to \$2 million.

Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2017–18 Actual results	2016–17 Actual results	2015–16 Actual results
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% or more of southern Ontario census divisions have a decrease in employment insurance beneficiaries (year-over-year)	March 31, 2018	41% of southern Ontario census divisions in 2017 had a decrease in employment insurance beneficiaries	66% of southern Ontario census divisions in 2016 had a decrease in employment insurance beneficiaries	54% of southern Ontario census divisions in 2015 had a decrease in employment insurance beneficiaries

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
105,327,756	105,327,756	106,180,558	102,547,579	(2,780,177)

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
40	36	(4)

Information on FedDev Ontario's lower-level programs is available in the [GC InfoBase](#).ⁱⁱ

Internal Services

Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories 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.

Results

FedDev Ontario's internal service functions continued to deliver high-quality and timely advice and services across the organization in 2017–18. These functions played a pivotal role in support of the Agency's program delivery activities, its ability to meet administrative and corporate requirements and accountabilities, and in ensuring its alignment with Government of Canada priorities.

As a partner in the Innovation, Science and Economic Development (ISED) portfolio, FedDev Ontario worked with portfolio partners and Ministers' offices to further the achievement of the Minister of ISED's mandate and priorities. The Agency collaborated closely with all of Canada's regional development agencies (RDAs) to coordinate processes, integrate policy development and research where possible and support the roll out of the Government's Innovation and Skills Plan. This collaboration included the co-development by the RDAs of a common, modern Grants and Contributions Program Management (GCPM) system.

In 2017–18, FedDev Ontario used its integrated policy analysis and research capacity to provide strategic, evidence-based advice to support: internal direction setting; program design; and government and ISED portfolio policy discussions. This support equipped decision makers with relevant information on key sectors and populations, including traditionally under-represented groups, as well as on emerging and disruptive technologies, growing clusters of economic activity in the region, and of new opportunities for collaboration and engagement.

Strengthening the Agency's performance measurement efforts and demonstrating the results of its activities were also ongoing objectives in 2017–18, as FedDev Ontario continued to demonstrate its contributions to the economic prosperity of southern Ontario. One major initiative undertaken in support of this objective was the Interim Evaluation of the Agency's Southern Ontario Prosperity Program, which provides a comprehensive analysis of the Agency's impact and demonstrates the strong return on investment being achieved by its programs.

2017–18 also saw the launch of several initiatives aimed at improving the Agency’s support for traditionally under-represented groups, particularly southern Ontario’s Indigenous peoples. As part of these efforts, FedDev Ontario, along with Indigenous Services Canada and several other regional development agencies began a two-year (2017–19) multinational research project with the Organization for Economic Cooperation and Development (OECD) that is examining global best practices in linking Indigenous communities with regional economic development activities. Sweden, Australia, New Zealand and several other countries are participating in this ground-breaking study along with Canada.

Stakeholder engagement remains a key priority for FedDev Ontario. In 2017–18, the Agency actively engaged stakeholders to seek opportunities for collaboration to advance regional economic priorities, champion the economic potential of southern Ontario and to advance external awareness of FedDev Ontario programs and other federal economic development initiatives. To further support these efforts, FedDev Ontario will be implementing an early release of the GCPM to facilitate employee management of stakeholder engagement in 2018–19.

Throughout 2017–18, FedDev Ontario communicated effectively with Canadians about Agency funding and partnerships, successes and other milestones. The Communications team at FedDev Ontario organized and supported over 140 events, including funding announcements, Ministerial speaking opportunities and project milestone celebrations. The Agency strengthened its digital presence by undertaking targeted activities, which involved increasing content generation and implementing more robust social media analytics and reporting. As a result, the Agency was able to increase followers and engagement on both Twitter and Instagram, including 32 percent more followers and a 71 percent increase in engagement on Twitter, and 177 percent more followers and a 134 percent increase in engagement on Instagram over the previous year. FedDev Ontario is always looking for new ways to demonstrate its successes and raise the profile of the Agency in southern Ontario. In September 2017, the “Southern Ontario Spotlight” monthly newsletter was launched to demonstrate the impact the Agency is having in southern Ontario by showcasing regional economic development and highlighting FedDev Ontario’s activities. The Agency also profiled 11 specific projects, adding to the growing number of success stories on FedDev Ontario’s website. In addition, an Interactive Impact Map was created and featured on FedDev Ontario’s website to showcase success stories and client testimonials across southern Ontario. By taking advantage of opportunities presented through social media platforms, including live streaming funding announcements, the creation of more engaging and interactive content and ensuring excellence in its traditional communications activities, FedDev Ontario continues to inform and grow its audience in southern Ontario.

In 2017–18, Human Resources Management remained an ongoing focus of FedDev Ontario. The Agency participated in a pilot program with the Public Service Pay Centre (PSPC), the aim of which was to support HR-to-Pay stabilization. FedDev Ontario also developed and implemented

a Talent Acquisition Strategy including increased visibility on social media, a suite of [talent attraction videos](#) and internal process improvements. Significant work was also undertaken to situate FedDev Ontario as a workplace of choice, including a targeted action plan to address issues raised in the Public Service Employee Annual Survey (PSEAS). This work involved activities that reinforced a respectful workplace culture, such as initiatives allowing staff greater access to internal decision making processes and encouraging staff to find innovative and creative means of modernizing the way we do business.

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
15,910,153	15,910,153	16,800,266	16,650,284	740,131

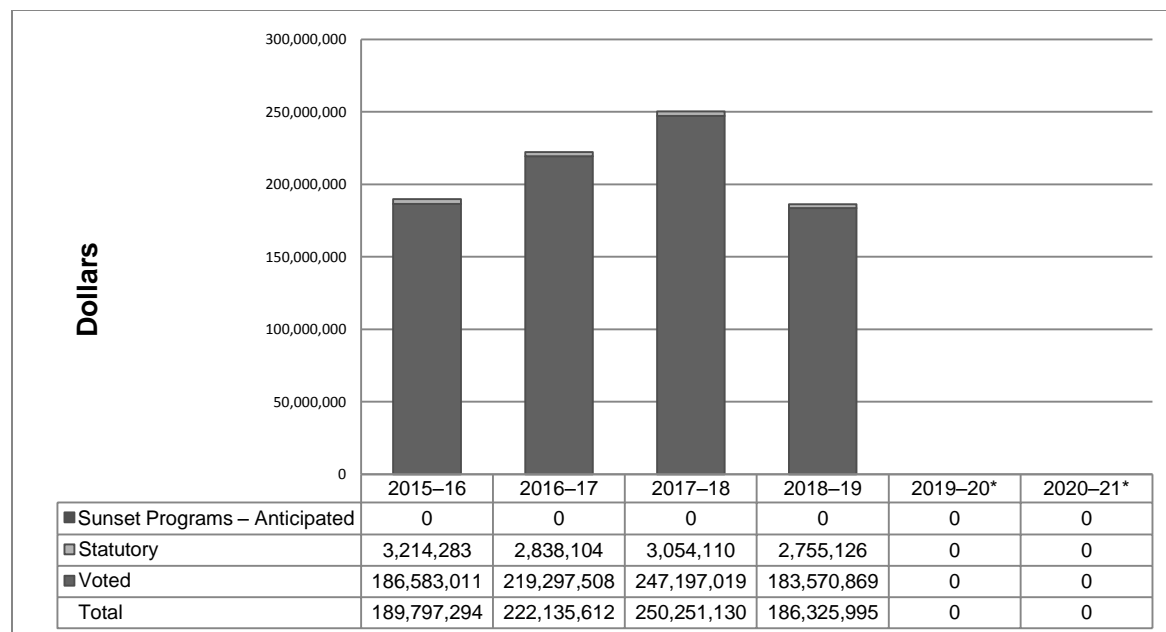
Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
112	116	4

Analysis of trends in spending and human resources

Actual expenditures

Departmental spending trend graph



* No planned spending has been identified for 2019–20 and 2020–21, as this period is beyond the Agency's current five-year funding mandate.

Budgetary performance summary for Programs and Internal Services (dollars)

Programs and Internal Services	2017–18 Main Estimates	2017–18 Planned spending	2018–19 Planned spending	2019–20 Planned spending ¹	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2016–17 Actual spending (authorities used)	2015–16 Actual spending (authorities used)
1.1 Technological Innovation	93,112,054	93,112,054	72,524,016	0	89,025,628	70,271,088	79,228,401	55,550,921
1.2 Business Development	54,998,686	54,998,686	61,253,690	0	60,857,634	60,782,179	63,173,971	69,728,062
1.3 Community Economic Development	105,327,756	105,327,756	36,647,813	0	106,180,558	102,547,579	63,417,133	47,037,706
Subtotal	253,438,496	253,438,496	170,425,519	0	256,063,820	233,600,846	205,819,505	172,316,689
Internal Services	15,910,153	15,910,153	15,900,476	0	16,800,266	16,650,284	16,316,107	17,480,605
Total	269,348,649	269,348,649	186,325,995	0	272,864,086	250,251,130	222,135,612	189,797,294

Actual human resources

Human resources summary for Programs and Internal Services (full-time equivalents)

Programs and Internal Services	2015–16 Actual full-time equivalents	2016–17 Actual full-time equivalents	2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents ¹
1.1 Technological Innovation	21	19	19	19	15	0
1.2 Business Development	56	55	51	62	51	0
1.3 Community Economic Development	36	40	40	36	38	0
Subtotal	113	114	110	117	104	0
Internal Services	124	112	112	116	106	0
Total	237	226	222	233	210	0

¹No planned spending has been identified for 2019–20, as this period is beyond the Agency's current five-year funding mandate.

During 2017–18, FedDev Ontario utilized 233 full-time equivalents (FTEs) to deliver on its three program areas and provide internal support service compared to a planned 222 FTEs.

Expenditures by vote

For information on FedDev Ontario's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2017–2018](#).ⁱⁱⁱ

Government of Canada spending and activities

Information on the alignment of the Federal Economic Development Agency for Southern Ontario's spending with the Government of Canada's spending and activities is available in the [GC InfoBase](#).ⁱⁱ

Financial statements and financial statements highlights

Financial statements

The Federal Economic Development Agency for Southern Ontario's financial statements (unaudited) for the year ended March 31, 2018, are available on the [departmental website](#).

Financial statements highlights

Condensed Statement of Operations (unaudited) for the year ended March 31, 2018 (dollars)

Financial information	2017–18 Planned results	2017–18 Actual results	2016–17 Actual results	Difference (2017–18 Actual results minus 2017–18 Planned results)	Difference (2017–18 Actual results minus 2016–17 Actual results)
Total expenses	206,222,756	190,262,545	160,886,586	(15,960,211)	(29,375,959)
Total revenues	0	0	0	0	0
Net cost of operations before government funding and transfers	206,222,756	190,262,545	160,886,586	(15,960,211)	(29,375,959)

Condensed Statement of Financial Position (unaudited) as of March 31, 2018
(dollars)

Financial information	2017–18	2016–17	Difference (2017–18 minus 2016–17)
Total net liabilities	59,573,567	29,649,792	29,923,775
Total net financial assets	57,737,709	27,212,349	30,525,360
Departmental net debt	1,835,859	2,437,443	(601,584)
Total non-financial assets	35,826	53,327	(17,500)
Departmental net financial position	(1,800,032)	(2,384,116)	584,084

Supplementary information

Corporate information

Organizational profile

Minister of Innovation, Science and Economic Development:

The Honourable Navdeep Bains, P.C., M.P.

Minister of Science and Sport:

The Honourable Kirsty Duncan, P.C., M.P.

Minister of Small Business and Export Promotion:

The Honourable Mary Ng, P.C., M.P.

President:

James Meddings

Ministerial portfolio:

Innovation, Science and Economic Development

Enabling instruments:

Order in Council P.C. 2009-1410 dated August 13, 2009, amending Schedule I.1 of the *Financial Administration Act* 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

Reporting framework

The Federal Economic Development Agency for Southern Ontario's Strategic Outcome and Program Alignment Architecture of record for 2017–18 is shown below.

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

1.3 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 Languages Minority Communities

1.3.4 Sub-Program: Regional Diversification

1.3.5 Sub-Program: Infrastructure Delivery

Internal Services

Supporting information on lower-level programs

Supporting information on lower-level programs is available on the [GC InfoBase](#).ⁱⁱ

Supplementary information tables

The following supplementary information tables are available on the Federal Economic Development Agency for Southern Ontario's [website](#):

- ▶ Departmental Sustainable Development Strategy
- ▶ Details on transfer payment programs of \$5 million or more
- ▶ Evaluations
- ▶ Fees

Federal tax expenditures

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 each year in the [Report on Federal Tax Expenditures](#).^{iv} This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational contact information

Federal Economic Development Agency for Southern Ontario

101-139 Northfield Drive West

Waterloo, Ontario, N2L 5A6

Canada

Telephone: 1-866-593-5505

Fax: 519-725-4976

Appendix: definitions

appropriation (crédit)

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

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government; organizations or individuals; and payments to Crown corporations.

Departmental Plan (plan ministériel)

A report on the plans and expected performance of an appropriated department over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Results Report (rapport sur les résultats ministériels)

A report on an appropriated department's actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

evaluation (évaluation)

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

experimentation (expérimentation)

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

full-time equivalent (équivalent temps plein)

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.

gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])

An analytical approach used to assess how diverse groups of women, men and gender-diverse people may experience policies, programs and initiatives. The “plus” in GBA+ acknowledges that the gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences. We all have multiple identity factors that intersect to make us who we are; GBA+ considers many other identity factors, such as race, ethnicity, religion, age and mental or physical

disability. Examples of GBA+ processes include using data disaggregated by sex, gender and other intersecting identity factors in performance analysis, and identifying any impacts of the program on diverse groups of people, with a view to adjusting these initiatives to make them more inclusive.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2017–18 Departmental Results Report, those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada’s Strength; and Security and Opportunity.

horizontal initiative (initiative horizontale)

An initiative where two or more departments are given funding to pursue a shared outcome, often linked to a government priority.

Management, Resources and Results Structure (structure de gestion, des ressources et des résultats)

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 (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

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 (indicateur de rendement)

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 (production de rapports sur le rendement)

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

plan (plan)

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.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, 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 Departmental Plans and Departmental Results Reports.

priority (priorité)

A plan or project 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) or Departmental Results.

program (programme)

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 (architecture d'alignement des programmes)

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

result (résultat)

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.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (résultat stratégique)

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

sunset program (programme temporisé)

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 (cible)

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.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

- i. The Minister's mandate letter, <https://pm.gc.ca/eng/mandate-letters>
- ii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- iii. Public Accounts of Canada 2017–2018, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- iv. Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>