

## **Hamilton Chamber Of Commerce Southern Ontario Diversification Fund**

### **Issue:**

An enhanced Federal Government Economic initiative for South-western Ontario (as defined by Provincial standards) is required to ensure that this region continues to supply Ottawa with the levels of Tax Revenue that the Federal Government currently enjoys.

### **Background:**

The Atlantic Canada Opportunities Agency (ACOA) supports the strategic development of the Atlantic Region through seed capital programs, the Innovative Communities Fund and fostering partnerships between private enterprise and research institutions; Whereas the Federal Regional Development Corporation in Northern and Eastern Ontario (FEDNOR) stimulates investment in high risk enterprises in rural Ontario and communities in Northern and Eastern Ontario;

The Western Economic Diversification Fund (WD) promotes the development and diversification of the Western Canadian Economy with supports for the development of small business enterprises of Western Canada and advances the interest of the Western Canada in Global Economic Policy;

The Economy of South-western Ontario is experiencing significant losses in high wage jobs in the manufacturing sector. For example, Hamilton/Niagara/Brantford has lost approximately 19, 700 jobs and Kitchener-Waterloo/London/Windsor has lost 13, 200 jobs in the last 3 years;

The Economy of South-western Ontario continues to contribute substantial Income tax revenue to the Federal Government (the Census Metro Area of Hamilton alone continues to contribute more than \$2.5 Billion annually in Income Tax Revenue); Whereas the Economy of South-western Ontario would benefit from a Regional Development Fund for improved programs in workforce development, technology upgrades to plant and improved support for global market access.

### **MANUFACTURING JOB LOSSES**

#### **United States:**

- Since 1998 59% decline in manufacturing employment
- 1998 - 2007 3.6 million manufacturing jobs lost
- 1950 Mfg jobs = 34% of total work force
- 2002 Mfg jobs = 11% of total work force
- Between 2000 - 2005 Michigan lost 217,000 mfg jobs

#### **Canada**

- 2005 - 2007 270,000 mfg jobs lost
- Only 1 in 10 positions is now manufacturing
- Average wage rate of a Mfg job is \$20.68 per hour

- Loss of 250,000 mfg jobs equates to a loss of \$2.5 Billion annually in total Canadian earnings

#### **Ontario**

- 2005 - 2007 150,000 mfg jobs lost or 150 jobs per day
- 2007 (May) - 44,000 mfg jobs
- Windsor - 10,000 mfg jobs lost in 2007 so far
- Niagara - 15,000 mfg jobs lost in last 3 years

#### **Quebec**

- 2002 - 2007 130,900 mfg jobs lost
- 2007 - 40,000 mfg jobs this year

#### **Hamilton CMA (Burlington, Hamilton & Grimsby)**

- 2005 - 2006 11,600 mfg jobs lost

#### **By Manufacturing Sector:**

- Textiles & Clothing 66,000 jobs
- Aerospace 8,300 jobs
- Shipbuilding 3,300 jobs
- Food Processing 40,000 jobs
- Primary Metal 12,500 jobs
- Paper 8,500 jobs
- Wood Products 10,700 jobs
- Automotive

#### **FEDERAL INDUSTRY PROGRAMS:**

#### **QUEBEC INCENTIVE PROGRAMS:**

Canada Economic Development for Quebec Regions (formerly the Federal Office for Regional Development - Quebec) is mandated to respond to the specific economic characteristics and needs of the regions of Quebec. The Agency's mission is to support development of the economic potential of the regions of Quebec and the creation of sustainable employment by fostering a business climate that enables small and medium-sized businesses to prosper and grow.

Through its 14 business offices, the Agency works with a clientele made up mainly of SMEs and not-for-profit organizations. Under its programs and initiatives, the Agency provides repayable and non-repayable contributions.

#### **Programs and Initiatives**

Community Diversification Program  
 Community Economic Diversification Initiative - Vitality (CEDI-Vitality)  
 Community Economic Facilities for the Regions  
 Business and Regional Growth Program  
 Community Economic Diversification Initiative - Vitality (CEDI-Vitality)  
 Partnering with Enterprises for Commercialization

Community Futures Program (CFP)  
Infrastructure Programs  
CANtex Canadian Textiles Program  
Venture Capital Fund for Business Startups in the Regions  
Capital Fund for Business Succession  
Advisory committees

### **ACOA - Atlantic Canada Opportunities Agency**

**Role:** Atlantic Canada Opportunities Agency (ACOA) is a federal government agency. Headquartered in the Atlantic Region, ACOA's goal is to improve the economy of Atlantic Canadian communities through the successful development of business and job opportunities.

#### **Programs:**

##### **Business Development Program**

This program is designed to help you set up, expand or modernize your business. It provides interest free, unsecured loans to small and medium-sized business in Atlantic Canada.

##### **Seed Capital Program**

The Seed Capital Program provides loans to start, expand or improve a small business, as well as acquire business skills training.

##### **Innovative Communities Fund**

The Innovative Communities Fund (ICF) invests in strategic projects that build the economies of Atlantic Canada's communities.

##### **Atlantic Innovation Fund**

This Fund is designed to move the research and development, taking place in Atlantic Canada, out of the labs and into the marketplace by encouraging partnerships between businesses and research institutions.

### **FEDNOR**

**Role:** FedNor is a federal regional development organization in Northern & Eastern Ontario that works with a variety of partners, as both a facilitator and catalyst, to help create an environment in which communities can thrive, businesses can grow and people can prosper.

#### **Programs:**

FedNor knows that many Northern businesses need financial assistance to compete globally or to sometimes simply expand their horizons locally. FedNor stimulates investment in higher-risk enterprises through loan loss reserves with financial institutions and by providing capital to community-based investment funds. Fednor also operates the Northern and Eastern Ontario Development Funds (NODF). Over the past several years the NODF resources have varied from year to year. In 2002-03 fiscal year (FY), the grants and contribution and operating budgets totaled \$60.4 million

compared to \$53.4 million in 2003-04, \$49.0 million in 2004-05 and \$57.9 million in 2005-06.

## **WESTERN ECONOMIC DIVERSIFICATION FUND**

**Role:** Western Economic Diversification Canada's (WD) mandate is to promote the development and diversification of the economy of Western Canada and advance the interests of the West in national economic policy. This mandate is delivered primarily through grants and contributions programs, which enable the department to contribute strongly to the productivity and competitiveness of the West.

### **Programs:**

#### **Funding for Business**

WD helps to fill the gap between traditional bank lending and the availability of venture capital for small business by working in partnership with western financial institutions and not-for-profit organizations.

#### **Loan and Investment Program**

Through the Loan and Investment Program, WD contributes to a loan loss reserve, which offsets a portion of the risk financial institutions experience when lending to small businesses. From the beginning in 1995 until March 2006, these partnerships with independent western financial institutions have provided about 2,862 loans to small- and medium-sized enterprises (SMEs) totaling \$ 218.7 million. An estimated \$116 million in other financing has been indirectly leveraged.

## **GEOGRAPHICAL BOUNDARIES OF FEDERAL PROGRAMS**

### **QUEBEC INCENTIVE PROGRAMS:**

Canada Economic Development for Quebec Regions (formerly the Federal Office for Regional Development - Quebec) is mandated to respond to the specific economic characteristics and needs of the regions of Quebec.

**FEDNOR (NORTH ONTARIO ECONOMIC DEVELOPMENT) operates three programs:**

1. A program strictly for Northern Ontario
2. A program for rural Ontario (cities roughly over 100,000 in population do not qualify)
3. A program for rural Eastern Ontario (from the Quebec border to the east side of Lake Simcoe; same rule applies for cities roughly over 100,000 in population).

A brochure describing FedNor can be found at the following link:

[http://fednor.ic.gc.ca/epic/site/fednor-fednor.nsf/vwapj/FedNor\\_Brochure\\_2007.pdf/\\$FILE/FedNor\\_Brochure\\_2007.pdf](http://fednor.ic.gc.ca/epic/site/fednor-fednor.nsf/vwapj/FedNor_Brochure_2007.pdf/$FILE/FedNor_Brochure_2007.pdf)

## **ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)**

Operates within the Atlantic provinces only. From their website:

'The Atlantic Canada Opportunities Agency is the federal government department responsible for helping to build economic capacity in the Atlantic Provinces by working with the people of the region - in their communities, through their institutions and with their local and provincial governments and businesses - to create jobs and enhance earned incomes.'

A webpage describing ACOA can be found at the following link:

<http://www.acoa.ca/e/about/index.shtml>

#### **WESTERN ECONOMIC DIVERSIFICATION FUND**

Have as its mandated service area British Columbia, Alberta, Saskatchewan, and Manitoba. WEDF's website will provide you with more info, should you so desire:

[http://www.wd.gc.ca/default\\_e.asp](http://www.wd.gc.ca/default_e.asp)

#### **RECOMMENDATIONS:**

The Hamilton Chamber of Commerce urges the Government of Canada to Review the programs of the existing development agencies with the objective of expanding the program to create the Southern Ontario Economic Diversification Fund.