

OCC POLICY RESOLUTIONS TEMPLATE | 2014 OCC AGM & CONVENTION

Prioritizing Regional Cluster Development Hamilton Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- Fostering a culture of innovation and smart risk-taking in order to become a productivity leader
- Building a 21st century workforce through workplace training
- Restoring fiscal balance by improving the way government works
- Taking advantage of new opportunities in the global economy
- Identifying, championing, and strategically investing in our competitive advantages in the global economy
- Other policies of strategic significance

Please see *Emerging Stronger 2013* as reference:
<http://www.occ.ca/Publications/EmergingStronger2013.pdf>

Issue:

Economic Development based on targeted funding knowledge clusters within cities and regions is an important policy tool for Ontario's economic future. The government of Ontario should maximize its investment in regional innovation centres; continue providing funding for targeted infrastructure programs and venture capital grants for development of knowledge clusters in the Life Sciences, Advanced Manufacturing and Creative Industries amongst others.

Background:

Clusters by definition are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region¹. They emerge from regions that have achieved critical mass in a particular area of expertise and are often anchored by strong research universities, industrial laboratories and/or entrepreneurial companies with human capital to match. Within these organizations, overlapping interests and shared benefits must be realized. This is generally accomplished through focused efforts among stakeholders, and an integration agent is often required to foster and develop collaborative opportunities between these organizations².

In many cases across the world, the integration agent tends to be a government agency that through a combination of funding and policy levers enables other regional stakeholders to collaborate³. Existing Knowledge clusters in Ontario are also generally centered around higher education institutions or not for profit business incubators funded through the provincial or federal government. Informational Technology and Digital Media clusters in Waterloo and Toronto are prominent global examples.

¹ Porter, Michael (2013). Institute for Strategy and Competitiveness: Competition and Economic Development. Harvard University. <http://www.isc.hbs.edu/econ-clusters.htm>

² United Nations: Industrial Development Organization (UNIDO) (2013). Clusters and network developments. <http://www.unido.org/clusters.html>

³ Cooke, P., & Leydesdorff, L. (2006). Regional development in the knowledge-based economy: The construction of advantage. *The Journal of Technology Transfer*, 31(1), 5-15.

In Ontario the best practice for fostering this model is the Ontario Centres of Excellence (OCE) not-for-profit program was formally established in 1987 with seven independent centres that evolved and amalgamated into the Ontario Centres of Excellence Inc. in 2004. OCE aims to productive working partnerships between university and college research departments, research hospitals and Ontario industry. Through a combination of public and private funding these centre's offer services like organization and delivery of conferences, events, workshops, and programs; a higher profile, access to venture capital, provision of communication solutions; and referral of advisors, clients, partners, and projects.

These regional institutions are instrumental in translating Ontario's research and innovation capital into economic productivity and job growth through the incubation of small and medium enterprises, technology transfer, supply chain integration, increasing business productivity.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. To at minimum maintain the funding priorities as identified by the Seizing Global Opportunities: Ontario's Innovation Agenda⁴
2. Increase allocated funding towards existing Ontario Centers of Excellence
3. Explore expanding the Ontario Centers of Excellence program to create additional centers in municipalities specifically targeted on Life Sciences, Advanced Manufacturing, and Creative Industries sectors.

Estimated Financial Impact to the Province (For discussion-purposes only – will not appear in final compendium)

Please choose which option best fits your policy resolution. Given the current economic climate, solutions to create a smarter, more fiscally sustainable government are a priority.

- Create a cost-savings for the government
- Be cost-neutral to the government
- Entail a small cost to government (less than \$10M)
- Entail a medium cost to government (between \$10M and \$200M)
- Entail a large cost to government (higher than \$200M)

⁴ <http://www.ontario.ca/business-and-economy/ontario-innovation-agenda>