



Recommendations
from
The Eastern Ontario Wardens Caucus (EOWC)

to the
Province of Ontario

Regarding the Four-Year, \$80 Million
Provincial Eastern Ontario Development Fund (EODF)

February 15, 2008

www.eowc.org

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Executive Summary

A Welcome Commitment to Rural Eastern Ontario

- The Eastern Ontario Warden’s Caucus (EOWC) appreciates the Province’s recognition of and response to the challenging economic circumstances – yet very strong potential – of the economy and communities which make up rural Eastern Ontario. Properly designed and implemented, the four-year \$80 million Eastern Ontario Development Fund is an unprecedented opportunity to change the course of economic and social development in this region.
- The EOWC has been active in regional economic development for many years, earning a reputation for insightful analysis and forward-looking recommendations for the economic and social development of the region. For example, since 2002, the EOWC has produced annual Future Directions reports that document the circumstances of local government in Eastern Ontario; EOWC also makes an annual pre-budget submission to the Ontario Minister of Finance identifying priorities for the region. The EOWC was active in the development of the 2005 regionally-focused Eastern Ontario Opportunity Action Plan, led the development of the policy-oriented Eastern Ontario Prosperity Plan in 2007¹, and has worked to secure funding for essential rural infrastructure such as broadband. EOWC has also been a significant contributor to the work of the provincial Fiscal Capacity and Service Delivery Review process. Further involvement of the EOWC in the detailed design, operation, and evaluation of the provincial EODF is well-warranted.

Highlights of Recommendations

- **Definition of Region:** the geographic area enclosed by the 13 counties and single tier municipalities which are members of the EOWC, including any separated cities within that area with populations of 250,000 or less. Note that this would include the City of Kingston.² Mechanisms should also be established to address the needs of rural areas in the City of Ottawa.
- **Program Objective:** The EOWC recommends that the overall objective of the EODF be to move the economy of Eastern Ontario to a position of competitiveness within Ontario and in relation to other jurisdictions with which the entire province competes.
- **Governance:** To support the Province’s acknowledged responsibility for accountable use of public funds, the EOWC recommends that the Province support the creation of a Regional Steering Committee reporting to Mr. Lou Rinaldi, MPP, and Chair of the Eastern Ontario Caucus. The EOWC further recommends the appointment of a (smaller) Review and

¹ This project also generated a Rural Policy Literature Review and a statistical profile of Eastern Ontario (regional data set). All documents are available at www.eowc.org.

² The position of EOWC on the definition of Eastern Ontario as including separated cities with populations of less than 250,000 has been consistent since 2005. Refer to the Eastern Ontario Opportunity Action Plan and the Eastern Ontario Prosperity Plan - 2007). In addition, the EOWC passed a resolution in 2007 asking the federal government to include Kingston as an eligible community for the purposes of the federal Eastern Ontario Development Program – a program from which Kingston is currently excluded.

Allocation Advisory Panel to support provincial staff in evaluating funding requests and making allocation decisions, and recommends inclusion of representation from EOWC on staff panels.

- **Program Structure:** The EOWC recommends that the Province consider five funding streams, with the percentages in brackets indicating the approximate percentage of funds to be directed toward each stream (and hence relative priority of each stream):
 - Business Attraction and Investment Readiness (30%)
 - Access to Capital (30%)
 - Local Business Development/Capacity Building (20%)
 - Training and Internships (10%)
 - Regional Development Projects (10%).Details and examples are presented on pages 12 to 14.
- **Program Eligibility:** The EOWC recommends that the following types of organizations be considered eligible applicants for funding support under the EODF:
 - Private sector firms of any size, operating in or proposing to use funding to establish or expand operations in Eastern Ontario.
 - Municipalities (lower tier, counties or separated cities with populations of less than 250,000).
 - Other not-for-profit organizations and NFP corporations such as CFDCs, Ontario East Economic Development Commission, NFP networks, Centres of Excellence, business, professional, sectoral, or trade associations.
 - Educational, research, health care or other institutions (primary, secondary or post-secondary; public or private) operating in or proposing to establish operations in Eastern Ontario should be eligible only as a partner with other local stakeholders. In such cases, another local organization must serve as the lead partner/project sponsor.
 - Individuals should not be eligible to apply for EODF support in their own right but may receive funding support as a partner with other local stakeholders. In such cases, another local organization must serve as the lead partner/project sponsor.
- **Two Types of Funding:** The EOWC recommends two types of funding – loans for support to private business (maximum 66 per cent), and grants for support to public organizations. For grants, the proportion of total project costs covered under EODF would range from 33 to 100 per cent. Administrative provision should be made for multi-year funding.
- **Stacking Federal and Provincial Funding Permitted:** The EOWC recommends that a project may not stack any other provincial funding but may stack federal funding with provincial support to the point where combined provincial and federal funding accounts for as much as two-thirds of the required funding.
- **Preference for Partnerships:** The EOWC recommends that the EODF express a strong preference for partnership-based proposals but not exclude single-organization requests for support where a partnership is not required for successful execution of the project.

- **Program Operation:** The EOWC recommends a continuous intake capability for Business Attraction and Investment Readiness, and Access to Capital funding streams, and quarterly intake for other funding streams. Regardless of intake procedure, fast turnaround on decisions is essential. The EOWC recommends 30 days or less for continuous intake processes, and 60 days or less for quarterly intake processes.
- **Merit-Based Evaluation:** Within each broad funding stream, the EOWC recommends that requests for support be evaluated on their merits. After ensuring that all requests meet the general eligibility conditions, the funding requests would be evaluated on such criteria as
 - Strategic importance to the community or region (would the project fill in a critical gap or capitalize on other assets in that community or in the region?)
 - Potential for delivering on measures (see below) which will be used to evaluate the success of the EODF in fulfilling the program objectives.

The EOWC recommends that potential projects from any economic sector (or combination thereof) be eligible for consideration. To ensure that small firms and communities can compete in this program, small and large projects ought to be given equal consideration.

- **Program Evaluation:** While there would obviously be annual project tracking, a true evaluation of the program could really only be completed after AT LEAST two years, more likely three. The Province may wish to undertake a formative evaluation in Year Three and a summative evaluation in Year Four, both of which would help the Province as well as Eastern Ontario stakeholders decide on any extension or modifications to the EODF, or other steps to be taken to continue to build the region's economic and social strength.

Anticipated Program Evaluation measures could include:

- New investment from the private sector
 - Leveraged investment – from other stakeholders participating in an EODF project
 - Job creation and/or retention
 - Quality of labour force (ex. skills upgraded, highly-qualified personnel recruited)
 - Absolute size of labour force (ex. re-entry, ability to attract new entrants)
 - Employment income (average; personal/household)
 - Innovation (introduction of new technologies or business processes, new products, new supply chain relationships, new service delivery partnerships to improve service, increase efficiency)
 - Pervasiveness of foundational infrastructure (ex broadband services, other ICT)
 - Additional commercial or industrial tax assessment
 - Capacity utilization or repurposing of existing underutilized infrastructure (ex. vacant buildings).
- **Flow of Funding:** For loan-based funding, the flow of funding would be specified in the particular loan agreement. Project advances are permitted but are not required. For grant-based funding, a minimum of 25 per cent and a maximum of 50 per cent of total funding would be made available up front with further disbursements contingent upon meeting project milestones and submitting appropriate documentation. In all cases, a 10 per cent holdback would be permitted until such time as any final claims and reports are submitted by the applicant and reviewed by the program administrators.

Highlights of Eastern Ontario's Territorial Capital

- **A Growing Regional Population Dispersed Over Half of Southern Ontario:** Nearly two million people live in Eastern Ontario – an area of some 49,000 km² with population density of 40 persons/ km² (the City of Toronto is 100 times more densely populated). About 1.2 million of these citizens live in the region's rural areas, small towns and cities. In the 2001-2006 period, the population grew by just over 4 per cent (almost identical to the province as a whole); growth in rural areas and small separated cities grew slightly more slowly – at 3.46 per cent. Yet, the region's population IS growing.
- **A Sizeable Labour Force with Ongoing Employment Challenges:** The employed labour force in rural areas and small cities numbers just over 700,000 people. Overall, labour force participation rates and employment rates are lower in Eastern Ontario than for the province as a whole. Unemployment rates tend to be higher. Citizens in Eastern Ontario are more likely to have college or trades education than university degrees. There is evidence of out-migration of the more youthful members of the labour force, particularly those in search of higher education or jobs in the knowledge-based economy.
- **An Economy Dominated by Small Business and SITs:** Compared to Ontario as a whole, Eastern Ontario's rural areas have a higher percentage of employment establishments in small (and very small) enterprises: 98 per cent of employment establishments are small. Less than 2 per cent fall into the medium or large establishment categories – about two-thirds the provincial average. A quarter of the 202 large establishments in Eastern Ontario are health care, social assistance, or educational institutions. Roughly a third are manufacturing firms, some of which define their communities as Single Industry Towns (SITs). (See Figure 1).
- **Persistently Lower Incomes across Most of the Region:** Average personal and family incomes are lower than for the province as a whole, sometimes by margins of \$15,000 a year (see Figure 2 on following page). Most of Eastern Ontario derives less of its income from employment earnings and more from government transfers than does the province as a whole (See Figure 3). Despite the prevalence of small business across the region, the share of income from self-employment is lower than the provincial average but appears to be growing (see Figure 4).
- **Local Government Services Reliant on Residential Taxes:** Municipal tax bases are heavily reliant on residential assessment and on an assessment/km² basis, are much lower than other rural or urban areas in the province.
- **A Region with Significant Assets and Infrastructure Deficits:** While the region does not have incubators or technology parks (outside Ottawa), there are 13 post-secondary education institutions with campuses in 23 communities. Yet access to education and training remains a challenge in many rural areas. Eastern Ontario has 45 healthcare institutions (as well as other healthcare services). Despite the Province's much appreciated investment in rural broadband in 2007-2008, much of Eastern Ontario will remain unserved after these projects are complete. Nonetheless, Eastern Ontario has many collaboratively-minded regional organizations with economic development mandates. While there are some services for entrepreneurs and small businesses, they are concentrated in the small cities. Total resources devoted to Rural Economic Development are limited.

Figure 1 – Distribution of Establishments by Size in Eastern Ontario (Data Presented by CFDC Area)

2005 Establishment Profile	Indeterminate Size Establishments (%)	Small Size Establishments (%)	Medium Sized Establishments (%)	Large Sized Establishments (%)
Ontario	59	38	2.00	1.00
Haliburton CFDC	55	44	1.10	0.07
Kawartha Lakes CFDC	63	36	1.01	0.16
Northumberland CFDC	59	39	1.38	0.37
Greater Peterborough CFDC	54	43	1.91	0.40
North & Central Hastings and South Algonquin CFDC	54	44	1.13	0.09
Trenval CFDC	48	49	2.55	1.30
Prince Edward-Lennox and Addington CFDC	56	43	1.05	0.21
Frontenac CFDC	62	38	0.37	0.00
1000 Islands CFDC	51	46	2.34	0.57
Grenville CFDC	57	38	1.62	0.21
Stormont, Dundas, Glengarry CFDC	54	43	1.97	0.39
Valley Heartland	57	42	1.46	0.27
Prescott-Russell CFDC	58	41	1.09	0.20
Renfrew CFDC	53	45	1.57	0.33
Eastern Ontario Average	55	43	1.58	0.34

Figure 2 – Average Personal Earnings Across Eastern Ontario Compared to Some GTA Communities and the City of Ottawa (Ontario average on the far right)

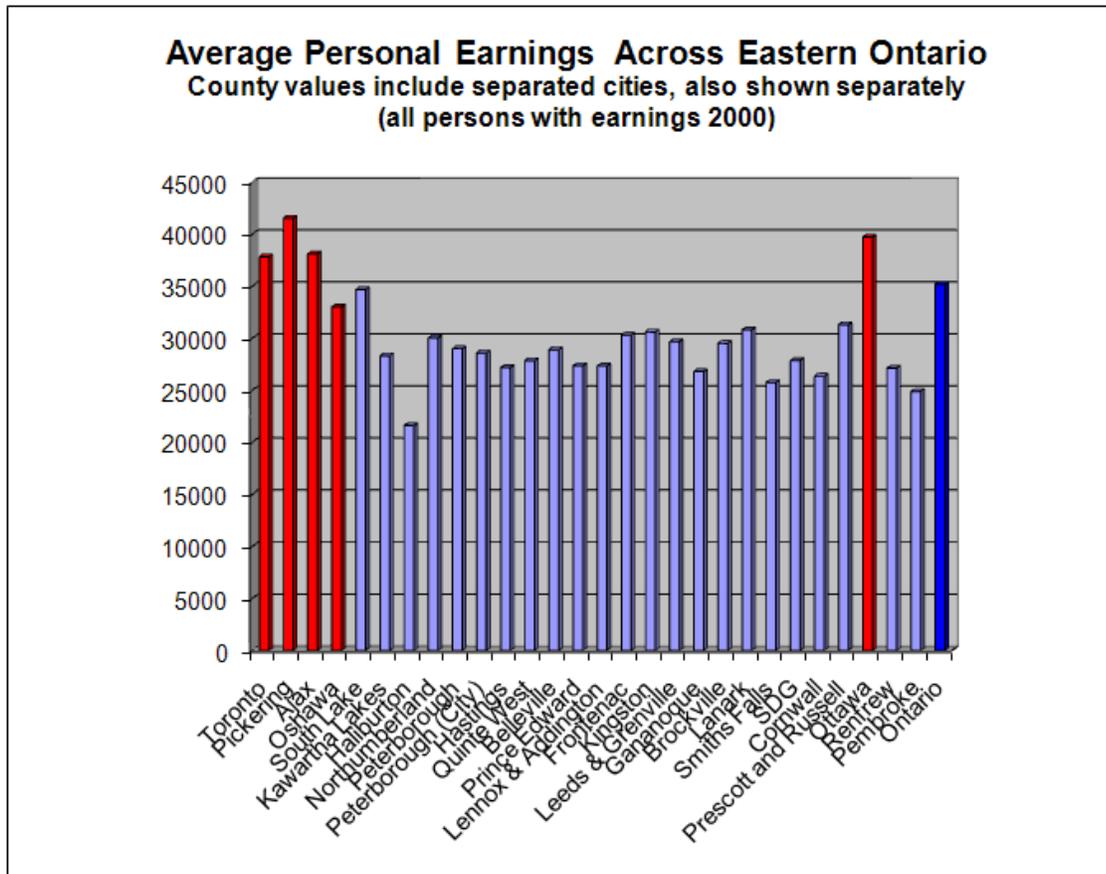


Figure 3 – Source of Income (Employment Earnings, Government Transfers, Other) as Share of Total (2000)

Jurisdiction	Earnings	Government Transfers	Other Money Income
Ontario	78.7	9.8	11.5
Haliburton	54.9	23.2	21.8
Kawartha Lakes	67.9	15.8	16.3
Northumberland	70.7	13.7	15.5
Peterborough	69.5	14.6	16.0
Peterborough (City)	68.0	15.4	16.6
Hastings	69.1	16.1	14.8
Quinte West	72.2	14.4	13.3
Belleville	68.6	15.3	16.1
Lennox and Addington	71.5	14.3	14.1
Prince Edward	65.1	15.9	19.0
Frontenac	71.0	12.4	16.6
Kingston	70.7	12.2	17.1
Leeds and Grenville	70.7	13.5	15.8
Gananoque	66.5	16.3	17.1
Brockville	65.3	16.4	18.3
Prescott	60.5	23.1	16.4
Lanark	72.7	12.5	14.8
Smiths Falls	64.2	19.0	16.8
Stormont, Dundas and Glengarry	71.2	15.6	13.2
Cornwall	67.6	19.2	13.2
Prescott and Russell	79.6	10.9	9.6
Ottawa	78.3	7.4	14.2
Renfrew	69.9	15.1	15.0
Pembroke	60.7	20.4	19.0

Figure 4 - Changing Share of Self-Employment Income Over Time (StatsCan Data Only Available by CFDC Area)

2005 Establishment Profile	Self Employment Income 1990	Self Employment Income 2000	Self Employment Income 2004
Ontario			
Haliburton CFDC	8.8	11.7	11.3
Kawartha Lakes CFDC	5.4	7.2	6.7
Northumberland CFDC	5.2	7.6	6.7
Greater Peterborough CFDC	6.7	9.0	7.5
North & Central Hastings and South Algonquin CFDC	6.1	7.8	6.7
Trenval CFDC	5.0	6.5	6.1
Prince Edward-Lennox and Addington CFDC	6.4	7.6	7.4
Frontenac CFDC	5.7	7.0	6.9
1000 Islands CFDC	5.6	7.1	7.2
Grenville CFDC (included above)	3.7	5.5	5.3
Stormont, Dundas, Glengarry CFDC	6.5	7.4	6.8
Valley Heartland	5.9	7.1	6.7
Prescott-Russell CFDC	5.7	7.2	6.4
Renfrew CFDC	5.0	6.0	5.9
Ontario	6.1	7.9	7.8
Canada	6.2	7.3	7.2

A Recommended Definition of “Rural Eastern Ontario”

- For the purposes of the Eastern Ontario Development Fund, the Eastern Ontario Wardens Caucus recommends the geographic area enclosed by the 13 counties and single tier municipalities which are members of the EOWC, including any separated cities within that area with populations of 250,000 or less. Note that this would include the City of Kingston.³
- While we recognize that this definition excludes the City of Ottawa, the EOWC appreciates that there are significant rural areas within Ottawa’s municipal boundaries. The EOWC recommends that the Province consider ways to ensure that the needs of these rural areas are taken into account in the administration of the EODF. The EOWC is committed to working with the Province to develop mechanisms for so doing.

Suggested Objective(s) of the Program

The EOWC recommends that the overall objective of the EODF be to move the economy of Eastern Ontario to a position of competitiveness within Ontario and in relation to other jurisdictions with which the entire province competes. On that basis, EOWC further recommends that the EODF have the following sub-objectives:

- Improving the attractiveness of the local economy to businesses actively seeking to relocate or expand from out-of-jurisdiction communities.
- Improving the ability of the local economy to retain and expand businesses within one or more Eastern Ontario communities.
- Increasing the diversity of the local economy, which is viewed as a key element of a sustainable economy⁴. (Diversity could be defined as the distribution of economic activity among 1) primary resource industries 2) secondary processing and manufacturing 3) construction and trades services, 4) service industries such as tourism and hospitality; health care; education/training; research and development; information, communications, and other technologies; business and financial services; and retail, and 5) government offices and services.)
- Increase the proportion of the local or regional economy that is private sector-based (commercial and industrial), which would improve the mix of the region’s tax assessment, reducing the reliance on residential property taxes, and make the region more competitive on commercial/industrial tax rates.

³ The position of EOWC on the definition of Eastern Ontario as including separated cities with populations of less than 250,000 has been consistent since 2005. Refer to the Eastern Ontario Opportunity Action Plan and the Eastern Ontario Prosperity Plan - 2007). In addition, the EOWC passed a resolution in 2007 asking the federal government to include Kingston as an eligible community for the purposes of the federal Eastern Ontario Development Program – a program from which Kingston is currently excluded.

⁴ Harvard University professor and researcher Michael Porter says the absolute size and diversity of an economy are keys to the success of any economy, and are particularly challenging for rural economies (they have more difficulty achieving critical mass in absolute size (which also reflects limited internal diversity). The federal government has recognized the vulnerability of low-diversity economies such as single industry towns through the recent Community Development Trust announcement (<http://www1.pm.gc.ca/eng/default.asp>).

- Increase local employment, whether in the public or private sector with particular emphasis on full-time jobs generating middle-class incomes or better.

EOWC's Understanding of Scale/Timing of Fund

- It is the EOWC's understanding that the EODF commitment involves \$20 million per year for each of four years, beginning in fiscal 2008-2009.
- The EOWC strongly supports putting measures in place which will ensure that all decision-making, resource allocation, accountability measures, and project/program evaluation delivers full value for the taxpayer's dollar and directs the maximum proportion of resources to fulfilling the program's intent. We recognize that regardless of the administrative "home" of the EODF (whether at the regional or provincial level), there will be costs associated with program management and administration. In concert with other recommendations regarding governance and accountability, the EOWC suggests that allocation of funds for any and all program administration purposes should never exceed 4 per cent of the annual allocation. Further, we believe that careful design of considerations such as the number of intakes for funding requests and turnaround periods for decisions would enable the Province and local decision-makers to apply appropriate discipline to staffing requirements and administrative cost allocations.

Recommended Approach to Governance, Emphasizing the Need for Participation by Region's Stakeholders

- The EOWC acknowledges Provincial responsibility for accountability in use of public funds; hence it has the lead role on program design, decision-making regarding project assessment and funding allocations, financial administration, and program evaluation. However, given that the EODF is targeted to meet the needs of and respond to opportunities in Eastern Ontario, the prospects for program success will be greatly enhanced by the participation of a cross-section of Eastern Ontario stakeholders in advisory roles. As a result, the EOWC recommends that the Province:
 - Support the creation of a Regional Steering Committee reporting to Mr. Lou Rinaldi, MPP, and Chair of the Eastern Ontario Caucus, to provide insight on the economic and social circumstances of Eastern Ontario, indicate broad priorities for investing regionally-focused funds such as the EODF, and offer feedback and suggestions on the operation and evaluation of the program during the 2008-2012 period. The Regional Steering Committee could also provide guidance on the appropriate allocation of the Regional Project funding stream proposed on page 14.⁵

⁵ The Eastern Ontario Opportunity Action Plan (June 2005) recommended a "small, nimble steering group to share strategy, information and provide overall vision for a regional approach to economic development. In particular, the Steering Group will be expected to track progress in implementing the regional Action Plan and provide insight to funders on general priorities for financial support. (There are further details concerning a proposed Terms of Reference for this Committee in Recommendation 5 of the Plan). The composition of the 10 person Steering Committee was suggested to be: EOWC(2), CFDCs (2), MUND (1), OEEDC (1), Private business/industry (2 - 1 large, 1 small), Education (1), and an "at large" representative (1) to provide flexibility to respond to changing economic circumstances. The EOWC recommends that the composition of the Committee be expanded to include direct representation from both MEDT and OMAFRA.

- Appoint a (smaller) Review and Allocation Advisory Panel to support provincial staff in evaluating funding requests and making allocation decisions.

On both fronts, the EOWC underscores its willingness to work with the Province and other regional stakeholders to bring forward lists of potential candidates for this service. Because the Regional Steering Committee would be primarily strategic and operating in an advisory role, whereas Advisory Panel appointees would be participating in request evaluation and funding recommendations, the two groups would introduce strong accountability into EODF processes.

- The EOWC strongly supports the direct recognition of the role of local government in program planning and service delivery as a guiding principle for the EODF as reflected in the Municipal Law Amendment Act, and in certain federal programs.

Recommendation Regarding Lead Ministry

- On several occasions⁶, the EOWC has indicated that both MEDT and OMAFRA have attributes⁷ which would make a significant contribution to successful design, rollout and operation of the EODF. The EOWC recommends that one Ministry be given lead responsibility for the EODF with the other being actively involved in program management and evaluation. It is EOWC's view that both Ministries should have standing with the Regional Steering Committee previously noted.

Recommended Principles to Guide Program Design

- As a program dedicated to Eastern Ontario, the Eastern Ontario Development Fund will be designed and implemented to meet the region's needs and enable it to respond to its economic development challenges.
- An organization locating or expanding anywhere in Eastern Ontario will benefit more than just the host community. To this end, partnerships of multiple communities which increase the overall attractiveness of the region as a destination for inbound business is encouraged. For the same reason, competition among communities for the same prospect is to be discouraged. We recommend that the EODF establish a policy to ensure that any Eastern Ontario community that makes a company's "shortlist" would be eligible for this type of funding; the value of the funding would be approximately the same for any "competing municipality" but the use of it could be different. As a result of "levelling the playing field" in

⁶ See Eastern Ontario Prosperity Plan (March 2007); also correspondence directed to Premier Dalton McGuinty regarding the Eastern Ontario Development Fund.

⁷ For MEDT, these attributes include experience and expertise in jurisdictional marketing as well as handling inbound business relocation/expansion enquiries, program responsibilities for small business and entrepreneurship, manufacturing, and business-transportation and logistics. MEDT can also be helpful in ensuring that funding does not violate NAFTA or other legal/trade agreements. For OMAFRA, these attributes include a deep understanding of rural Ontario, experience in the agricultural and agribusiness sector, significant presence of field staff with liaison and facilitation, project and business development experience, and program delivery experience with such programs as OMAFRA RED.

this way, the company (rather than EODF) makes the location/expansion decision based on its business case.

- Program funds must not be used to support proactive Business Attraction solicitation of business/organizational relocations from other parts of Ontario. However, projects which enable communities to better respond to inbound enquiries from outside the region or to proactively solicit business relocation or expansion from outside Ontario are acceptable. The EOWC notes that if an organization is making relocation enquiries, they may also be considering relocation outside Ontario. The EOWC suggests that keeping that organization somewhere in Ontario is preferable to losing them entirely.

Recommendations Regarding Proposed Program Structure

- The EOWC recommends that the Province consider five funding streams⁸, with the percentages in brackets intended to provide guidelines on the approximate proportion of funds to be directed toward each stream⁹:
 - Business Attraction and Investment Readiness (30%)
 - Access to Capital (30%)
 - Local Business Development/Capacity Building (20%)
 - Training and Internships (10%)
 - Regional Development Projects (10%)

The following chart provides further detail on the types of projects contemplated under each stream, along with the types of funding recommended, and any thresholds (minimum or maximum) that appear to be warranted. The size of each stream in a given fiscal year would be determined after administrative cost allocations are made.

- Recognizing that implementation of any project does absorb some administration and management time within the applicant organization¹⁰, the EOWC recommends that applicants to the EODF be permitted to include in eligible costs a maximum of 10 per cent overhead for their own administration of the project. Similarly, administrative/management overhead costs must not be incorporated into any other element of the funding request.
- For any projects beyond those in the Business Attraction and Investment Readiness stream, a maximum of 10 per cent of total project cost could be used for consulting studies; 90 per cent or more must go to actual project implementation.

⁸ The definition and description of these funding streams assumes that existing provincial programs will continue in a roughly similar fashion (eligibility conditions, size of budget allocations etc.) as in the past.

⁹ These percentages are given to provide the Province with a sense of EOWC expenditure priorities rather than introducing hard and fast allocations to each funding stream.

¹⁰ Examples of such costs include incorporating a project into financial systems in the sponsoring organization, preparation/issuance/evaluation of RFPs for any external services, regular project management to ensure that implementation unfolds as called for in the project plan, and preparation of regular financial and other reports required by funders.

Description of Proposed Funding Streams

Funding Stream	Types of Eligible Projects	Type and Proportions of Funding	Suggested Minimum, Maximum Funding Thresholds
Business Attraction and Investment Readiness	<ul style="list-style-type: none"> • <u>Prospect-Specific Infrastructure Enhancements</u> to meet the needs of a high-potential prospect for relocation to or expansion into Eastern Ontario; this grant-based support would be directed to provision of such services as power upgrades, access roads including on/off ramps or turn lanes, rail spurs, ICT connectivity, or other site servicing where the investment will meet the needs of that particular prospect as well as potentially positioning the community to extend services to other businesses/industry at a later date. Funding would flow to or through a municipality once the prospective business has confirmed intention to relocate or expand, for example, through legal agreement, purchase of land or similar commitment. 	Grant; up to 100 per cent	No pre-set limit; decided on a case by case basis; a funding threshold would only be introduced if multiple communities are competing for the same prospect and a level playing field is to be created.
	<ul style="list-style-type: none"> • <u>Investment-Readiness Infrastructure</u>¹¹, such as power upgrades, service roads, ICT, rail spurs, business incubation or multi-tenant facility space, Centres of Excellence space; These types of infrastructure would only eligible if <u>any</u> of the following are true: <ul style="list-style-type: none"> ○ A community has a strategic plan in place indicating an emphasis on attracting a particular type of business to the community to form part of an emerging or existing cluster or to capitalize on one or more local assets to create a cluster¹² ○ There is concrete evidence of specific opportunities lost in the past 24 months as a result of NOT having certain critical pieces of infrastructure. ○ There is concrete evidence of aggregated demand to support creation of general commercial or industrial services, the construction of which has the support of commercial or private investors.¹³ 	Private sector - Loan; up to 66 per cent, interest free for the first five years. Public sector – Grant up to 66 per cent	Up to \$500,000 for a local project; Up to \$1M for a project which meets the definition of “regional”

¹¹ This form of infrastructure is separate and distinct from Business Attraction funding, which would be grant-only and responsive to a specific enquiry with a very short timeframe for decision-making. Investment-Readiness Infrastructure funding would enable communities to move forward on high-potential opportunities in advance of a specific, fast-turnaround requirement.

¹² The Province could ask for third party evidence of the potential for a particular type of sector or cluster to be successful in that particular community.

¹³ Few commercial lenders or private investors will support largely speculative facilities construction so the Province would be relying on a marketplace signal for determining the degree of risk/speculation involved in such a construction project.

Funding Stream	Types of Eligible Projects	Type and Proportions of Funding	Suggested Minimum, Maximum Funding Thresholds
	<ul style="list-style-type: none"> • <u>Marketing resources and programs</u> for local, sub-regional, or regional alliances with the proviso that these marketing resources be expended for marketing programs directed primarily outside Ontario and have demonstrated support (cost-sharing) from alliances representing at least four eligible organizations¹⁴. 	<ul style="list-style-type: none"> • Grant; up to 100 per cent 	\$10,000-\$100,000
	<ul style="list-style-type: none"> • <u>Planning projects</u> focused on specific infrastructure requirements of individual communities or a number of regions working together. Special emphasis would be given to the development of business cases/ feasibility studies for projects that individual communities wish to evaluate for feasibility. 	<ul style="list-style-type: none"> • Grant, up to 100 per cent 	\$10,000-\$100,000
Access to Capital	<ul style="list-style-type: none"> • <u>Buildings</u> (vacant land is <u>excluded</u>) required for business relocation or expansion, to improve operational efficiency, or support the introduction of new product/service lines¹⁵ 	<ul style="list-style-type: none"> • Private sector - Loan; up to 66 per cent, interest free for the first five years. • Public sector – Grant up to 66 per cent 	\$10,000 - \$250,000
	<ul style="list-style-type: none"> • <u>Capital Retrofits</u> (to improve operational efficiency, increase environmental performance or energy efficiency, or to support the introduction of new product lines and/or increased output or additional staff) 	<ul style="list-style-type: none"> • Private sector - Loan; up to 66 per cent, interest free for the first five years. • Public sector – Grant up to 66 per cent 	\$10,000 - \$250,000

¹⁴ Websites and portals would be eligible costs under this definition because they would not be proactively soliciting business from elsewhere in Ontario but would be focused on potential businesses in other provinces, the United States, Europe, Asia, South America, or other international jurisdictions.

Funding Stream	Types of Eligible Projects	Type and Proportions of Funding	Suggested Minimum, Maximum Funding Thresholds
	<ul style="list-style-type: none"> • <u>Equipment acquisition and/or upgrades</u> within individual businesses (excluding basic office technology) to increase productivity and/or operational efficiency, improve product quality, improve environmental performance, increase energy efficiency, or support the introduction of new product lines and/or increased output. 	<ul style="list-style-type: none"> • Private sector - Loan; up to 66 per cent, interest free for the first five years. • Public sector – Grant up to 66 per cent 	\$10,000 - \$250,000
Training and Internships	<ul style="list-style-type: none"> • <u>Quality of labour force projects</u> which focus on skills upgrading and specialized training resulting in the award of a technical designation, certificate, diploma, degree or other third party certification required to perform a particular job.¹⁶ 	<ul style="list-style-type: none"> • Grant, up to 100 per cent 	Up to \$100,000
	<ul style="list-style-type: none"> • <u>Internships</u> which improve the employability of members of the local labour force, with an emphasis on but not limited to youth (under 30).¹⁷ 	<ul style="list-style-type: none"> • Grant, up to 100 per cent 	Up to \$25,000
Business Development/ Capacity Building	<ul style="list-style-type: none"> • <u>Business Analysis</u> such as technology assessments, feasibility studies, business cases for new businesses or initiatives, new product lines or services. 	<ul style="list-style-type: none"> • Grant, up to 100 per cent 	\$10,000-\$100,000
Regional Projects	<ul style="list-style-type: none"> • Regional Collaboration Projects for initiatives which support the region as a whole or a major portion of it (example: shared service studies, transportation planning, tourism corridor development). • Shared service planning involving at least three county/single-tier municipalities or CFDC areas¹⁸. This could include engineering studies, surveys and/or site investigations, RFP preparation or other similar upfront soft project costs.¹⁹ 	<ul style="list-style-type: none"> • Grant, up to 100 per cent 	\$10,000-\$250,000

¹⁶ It is assumed that general labour force development from basic literacy skills to completion of a high school diploma would be funded through MTCU and the labour force development funding recently transferred from the federal government. It is further assumed that general apprenticeship programs would be supported through MTCU.

¹⁷ Note: the EOWC recommends removal of internship age restrictions. We do not wish to constrain efforts to retrain laid-off workers or re-entry of individuals into the labour force.

¹⁸ This is consistent with the definition of sub-regional in the EOOAP. Note that shared service planning between two areas would still be eligible for funding under Investment-Readiness Infrastructure funding.

¹⁹ This type of planning was identified in the EOOAP as being extremely limited and is explicitly excluded from programs such as COMRIF. Another example: The Prosperity Plan called for a (multi-modal) transportation master plan for Eastern Ontario, for which both provincial and federal transportation ministries have expressed interest.

Recommendations Regarding Eligible Projects and Organizations

- The EOWC recommends that potential projects from any sector be eligible for consideration. In our view, the project should be evaluated based on its merits rather than explicitly excluding certain sectors. This would mean that the funding request would be evaluated on such criteria as:
 - Strategic importance to the community or region (would the project fill in a critical gap or capitalize on other assets in that community or in the region?)
 - Potential for delivering on measures which will be used to evaluate the success of the EODF (ex. leveraged investment, job retention and expansion).

The EOWC suggests that any concerns about provincial “double-dipping” (accessing more than one source of provincial funding) or provincial overlap/duplication in programming be dealt with through stacking limitations rather than sectoral limitations.

- The EOWC strongly recommends proactive encouragement of specific types of applications (to meet the economic and social development needs of Eastern Ontario as called for within the EOOAP and Prosperity Plan). While this might be particularly appropriate for the Regional Projects funding stream, such calls can also be applied at a local level. The Regional Steering Committee described elsewhere in this report could provide insight on the types of applications most urgently sought within the region at any point in time. The proactive approach is not meant to preclude unsolicited applications but would provide some guidance to EODF Panels in establishing funding priorities within a funding stream.
- The EOWC recommends that the following types of organizations be considered eligible applicants for funding support under the EODF:
 - Private sector firms of any size²⁰, operating in or proposing to use funding to establish or expand operations in Eastern Ontario.
 - Municipalities (lower tier; counties or separated cities with populations of less than 250,000).
 - Other not-for-profit organizations and NFP corporations such as CFDCs, Ontario East Economic Development Commission, NFP networks, Centres of Excellence, business, professional, sectoral, or trade associations²¹.
 - Educational, research, health care or other institutions (primary, secondary or post-secondary; public or private); operating in or proposing to establish operations in Eastern Ontario should be eligible for funding support, but only as a partner with other local stakeholders. In such cases, another local organization must serve as the lead partner/project sponsor.

²⁰ The Province may wish to establish a length-of-time-in-business requirement for private firms (for example, the ability to provide financial statements for at least two full years of operation as well as at least one employee for whom a T4 was issued and source deductions made.)

²¹ These organizations must be legally-constituted legal entities with the right to operate in Ontario.

- Individuals are not eligible to apply for EODF support in their own right but may receive funding support as a partner with other local stakeholders. In such cases, another local organization must serve as the lead partner/project sponsor.
- From the EOWC perspective, the key issue in determining eligibility is not the type of organization requesting support so much as the degree to which the applicant's proposal will lead as directly as possible to the fulfilment of the objectives of the program.
- The EOWC wishes to underscore its support and preference for partnership-based proposals at either the local or regional level. We believe the partnership approach is particularly appropriate in circumstances where a project's success will require access to capabilities and resources which go beyond that single organization. However, an applicant organization may not require access to external capabilities and resources for project success; as a result, under no circumstances are single-organization requests for support to be excluded from consideration under the EODF.

Recommendation Regarding Multi-Year Funding

- Because projects of any significant scale may easily take more than 12 months to implement²², the EOWC recommends that the Province make specific provision for funding support that could span at least two fiscal years. This will impose an additional requirement for multi-year tracking of financial commitments from the Fund; the EOWC believes that the ultimate success of individual projects and the program as a whole will be enhanced by such provisions.

Recommendations Regarding Program Evaluation and Impact Tracking

- The EOWC recognizes that a two-pronged approach will be required for evaluation of the EODF:
 - Evaluation of individual projects (Did they deliver what they said they would? Is the project complete/substantially complete? Was public money spent as intended and well-spent?) This is an audit function but would deliver data valuable in the second type of evaluation.
 - Evaluation of the EODF Program (How effective has the program been in achieving the overall objectives? What should be changed? What should be retained?) While there would obviously be annual tracking on this form of evaluation (see Anticipated Measures below), a true evaluation could really only be completed after AT LEAST two years, more likely three. The Province may wish to undertake a formative evaluation in Year Three and a summative evaluation in Year Four, both of which

²² Examples could be fabrication, shipping, and commissioning of new equipment; hiring and training staff with specialized skills, introducing power upgrades, transportation connections such as rail spurs, or enhance ICT services such as broadband.)

would help the Province as well as Eastern Ontario stakeholders decide on any extension or modifications to the EODF, or other steps to be taken to continue to build the region's economic and social strength.

- Anticipated Program Evaluation measures could include:
 - New investment from the private sector
 - Leveraged investment – from other stakeholders participating in an EODF project
 - Job creation and/or retention
 - Quality of labour force (ex. skills upgraded, highly-qualified personnel recruited)
 - Absolute size of labour force (ex. re-entry, ability to attract new entrants)
 - Employment income (average; personal/household)
 - Innovation (introduction of new technologies or business processes, new products, new supply chain relationships, new service delivery partnerships to improve service, increase efficiency)
 - Pervasiveness of foundational infrastructure (ex broadband services, other ICT)
 - Additional commercial or industrial tax assessment
 - Capacity utilization or repurposing of existing underutilized infrastructure (ex. vacant buildings).

Some of these measures would be difficult to measure in the near-term because of the timing of the next census in 2010 (example: impact on personal, household incomes, impact on quality of labour force). However, Statistics Canada would ultimately provide this data, most likely in 2013. Some data could be derived from project reports and limited BR&E-type surveys.

Recommendation Regarding Stacking, Especially for Federal Funding Purposes

- The EOWC recommends that the Province take the following position on stacking: An applicant may not stack any other provincial funding but may stack federal funding with provincial support to the point where provincial and federal funding accounts for a maximum of 2/3s of the funding. The EOWC's experience from programs such as COMRIF is that a 1/3, 1/3/, 1/3 funding approach is highly effective in leveraging investment from more than one order of government and/or private investors.²³

Recommendations Regarding Resource Allocation Processes

- As a result of the variety of needs and opportunities to which the EODF will be expected to respond, the EOWC recommends two application streams:
 - Continuous intake with fast turnaround for Business Attraction and Investment-Readiness and Access to Capital Funding. The speed with which business decision-making takes place means that the EODF must be able to react and make a decision in less than 30 days after all information is received, not three to six months, which

²³ The Eastern Ontario Prosperity Plan project was funded by all three levels of government, with OMAFRA RED contributing on behalf of the Province.

is common for certain programs²⁴. Decisions on these types of requests for support will require a small evaluation panel with deep experience in this area. A strong presence from MEDT (which often receives inbound enquiries for the entire province) would be valuable. However, there should also be an opportunity for direct presentations to the Panel from local communities to make the case for particular investments.

- Quarterly intake, single application (ie. not two-step) for all other funding requests. This would mean that funding requests would be processed and decisions made no more than 60 days after application deadline. For funding requests made without essential backup information, such applications could be held over into a subsequent intake to allow designated staff to make appropriate enquiries and determine the strength of the request. However, in no circumstance should the decision on the funding request take more than 120 days.

For these decisions, the EOWC understands that one or more EODF Panels may be required, and strongly recommends the presence of Eastern Ontario stakeholders on such Panels. Emphasis should be given to Panel members with community economic development experience, especially in rural Ontario, small business and entrepreneurship experience, and local government/not-for-profit management experience. To avoid perceived or real conflicts of interest, the EOWC further recommends that preference be given to Panel members with pan-regional perspectives and experience. The EOWC also notes that OMAFRA field staff have valuable experience in these areas and could play a role in such Panels as provincial representatives.

For funds allocated from the quarterly intake process, the EOWC recommends that the Province explicitly provide for a quarterly allocation approach to prevent all funding from being allocated in the first quarter with no opportunity for consideration of worthy projects which may emerge later in the fiscal year. The EOWC recognizes that there will be pent-up demand for this type of funding in the Program's early stages but suggests that the quality of proposals received and their ultimate success will be enhanced by a more even flow of funding over the course of a fiscal year. The ability of staff to evaluate, make decisions upon, and track the impact of projects funded will also be enhanced.

- For either of these Resource Allocation Processes, the EOWC is prepared to assist the Province by submitting a list of potential candidates for consideration.

²⁴ The OMAFRA RED program is one example.

- **Merit-Based Evaluation:** Within each broad funding stream, the EOWC recommends that requests for support be evaluated on their merits. After ensuring that all requests meet the general eligibility conditions, the funding requests would be evaluated on such criteria as
 - Strategic importance to the community or region (would the project fill in a critical gap or capitalize on other assets in that community or in the region?)
 - Potential for delivering on measures (see below) which will be used to evaluate the success of the EODF in fulfilling the program objectives.

The EOWC recommends that potential projects from any economic sector (or combination thereof) be eligible for consideration. To ensure that small firms and communities can compete in this program, small and large projects ought to be given equal consideration.

Recommendations Regarding Proposed Limitations and Constraints

- The EOWC recommends that the following types of funding requests be excluded from consideration:
 - Vacant land of any type
 - Business restructuring initiatives
 - Fund-raising and/or endowment development projects
 - Projects which simply replace existing capital equipment with the same technology.
 - Projects for which application has been made to a province-wide program designed to address that specific need (example: COMRIF).

Recommendations Regarding Requirements for Requests for Proposals (RFPs)

- For Business Attraction and Investment-Readiness projects, which are typically of larger scale, a competitive process would be expected for any funding to a public body where the individual subcontract or purchase outside the funded organization is estimated to exceed \$100,000. A competitive process would mean a formal tender, a general RFP issued to the community, or solicitation of bids from at least three organizations with appropriate experience and/or qualifications. On an exceptional basis (the need for which must be justified by the applicant), provision should be made for single sourcing.
- For all other funding streams, a competitive process would be required for any funding to a public body where any individual subcontract or purchase outside the funded organization is estimated to exceed \$25,000. A competitive process would mean a formal tender, a general RFP issued to the community, or solicitation of bids from at least three organizations with appropriate experience and/or qualifications. The public body is not required to accept the lowest bid but is expected to provide a rationale for any other course of action.

Recommendations Regarding How Funding Should Flow

- For loan-based funding (Business Attraction and Investment Readiness, and Access to Capital), either the entire amount would be advanced upfront or according to cost-based milestones similar to a line of construction credit. This would be specified in the particular loan agreement. Project advances are permitted but are not required.
- For grant-based funding, a minimum of 25 per cent and a maximum of 50 per cent of total grant-based funding will be made available up front with further disbursements contingent upon the applicant meeting project milestones and submitting appropriate documentation on disposition of funds advanced to date. In all cases, a 10 per cent holdback is permitted until such time as any final claims and reports are submitted by the applicant and reviewed by the program administrators.

Appendices

Excerpt from the Eastern Ontario Prosperity Plan (March 31, 2007) With Direct Application to the Eastern Ontario Development Fund

2. Assumptions Related to Ontario's Economy and Social Systems

The Prosperity Plan for Eastern Ontario has been developed in the context of Ontario's economy and social systems. From this context, eight assumptions have emerged as the foundation for the Plan:

- **The Canadian dollar** will remain relatively strong in relation to the U.S. dollar; the U.S. dollar will fluctuate in relation to other currencies. As a result, the international climate will remain challenging for production-oriented industries and communities. *Therefore, Ontario's manufacturing sector – including Eastern Ontario – will remain “under siege”.*
- **Security, especially in energy**, will continue to dominate the U.S. policy agenda – and by extension, the Canadian policy agenda. *These concerns will influence the policy options open to governments at all levels --- from border crossings and energy strategies to justice systems and international trade agreements. This theme holds risks and opportunities for Eastern Ontario.*
- **Global trading negotiations** will continue to constrain domestic policy options; these constraints will have a much stronger influence on resource-based sectors (ex. agriculture, forestry) than the knowledge-based economy. *Eastern Ontario must become even more innovative to capture value from its resource-based sectors and processing operations.*
- **Technology**, particularly Information and Communications Technology (ICT), will continue to reshape economies and societies. In particular, the internet will continue to influence markets and marketing. *Eastern Ontario must gain access to the training, education, research and development services which will help to incorporate technology into all aspects of public and private operations.*
- **The tempo and stresses of modern society** will continue to fuel demand for counterbalance (ex. time off, change in physical surroundings, return to human-scale surroundings and activity). *Eastern Ontario can help to address all of these needs as long as the infrastructure is in place to take full advantage of its territorial capital.*
- **Experiential travel and tourism** will gain in popularity (arts and culture, extreme sports, slow food/culinary tourism, eco-tourism, active outdoor recreation). *Eastern Ontario can meet many of these needs as long as the infrastructure is in place to take full advantage of its territorial capital.*
- **Economic diversity** will continue to be an important risk management strategy, both provincially and locally, by dampening economic shocks either in today's leading sectors in Ontario as a whole or in single-industry communities in the province. *Eastern Ontario --- already diverse internally --- can contribute to the Province's diversity.*
- **Governments will be subject to higher expectations** from rural and urban citizens alike for the governments' ability to respond to social as well as economic issues. On the social agenda, environmental protection and poverty will join health care as focal points. *These issues must become a policy focus for the Province's urban and rural areas, including Eastern Ontario.*

Recommendations from the Eastern Ontario Prosperity Plan (March 31, 2007) With Direct Application to the Eastern Ontario Development Fund

Proposal 4.1.1 - A: Eastern Ontario requests that the principles enshrined in the MOU must move beyond the Ministry of Municipal Affairs and Housing to permeate all Ontario government ministries.

- Bill 92, passed into law in June as the Municipal Law Amendment Act 2005, enshrined in law the Memorandum of Understanding (MOU) between the Province of Ontario and the Association of Municipalities of Ontario (AMO). This MOU included 1) a commitment to cooperating with local governments on issues that affect municipalities and 2) a commitment to prior consultation with AMO on any matters which will affect local government in the current municipal budget year or budget planning cycle.²⁵ This direct recognition of municipal government must become a guiding principle of all Ministries.

Proposal 4.1.2 - A: Eastern Ontario requests that the Province reinvest in Ontario government ministries with mandates which are of particular importance to rural communities.

- In some cases, ministries need to rebuild their field staff functions; in others, they require an annual allocation of financial resources they can use to invest – as partners --- in initiatives that will grow particular sectors across rural areas. Three ministries which should be at the top of the list for this type of reinvestment are:
 - Ministry of Natural Resources
 - Ministry of Agriculture, Food and Rural Affairs
 - Ministry of Tourism.

Proposal 4.1.3-A: Eastern Ontario requests that as provincial real property is reviewed and assessed for future needs, the Province consider a first-right-of-refusal for local stakeholders for the no-cost transfer of surplus land and buildings as a tool for stimulating local economic development. Any such transfers must be a low/no-cost and must be free and clear of liabilities.

Proposal 4.1.4-C: Eastern Ontario requests that the Province base policy development and program design for entrepreneurs and SMEs on incentives and rewards for communities and regions that build networks of common interest to coordinate service delivery, introduce best practices, share infrastructure, and build capacity for community economic development.²⁶

²⁵ Source: <http://www.amo.on.ca/>

²⁶ The Regional Innovation Networks introduced by MEDT, and now operating under the Ministry of Research and Innovation, are a good example of such local networks. Note that network-based incentives should not be used to “require” partnership-based proposals for provincial programs where they are not needed to launch and operate a business.

Proposal 4.1.4-D: Eastern Ontario requests that the minimum investment threshold be removed from the eligibility conditions for the Advanced Manufacturing Investment Strategy. Instead, emphasis in evaluating applications should be on the impact of the investment on job retention and growth, and the contribution of the proposed investment to introducing innovative or leading edge technologies into Ontario's manufacturing sector.

Proposal 4.1.6-C: Eastern Ontario requests that the Province develop and introduce a program to precede the Premier-ranked Destinations Program, which would help small and medium-sized tourism operators and developers 1) build or enhance the quality of their existing tourism product, 2) build linkages with other operators to create tourism icons that are, in fact, clusters of tourism operations, and 3) market these tourism clusters to target markets within and outside the Province.

Proposal 4.1.6-D: Eastern Ontario requests that the Province review tourism program funding criteria to ensure that assets which are geographically distributed across a region (ex. trail systems, small theatres) are considered for support along with single-site tourism icons typically found in larger centres. This support could be made contingent upon participation in a larger network which would consolidate the marketing resources and impact of these assets. Similarly, policy and program funding criteria should encourage rural tourism operations to identify and pursue markets *within* the Province as well as international markets.

Proposal 4.1.7-A: Eastern Ontario requests that the Province, through the Minister of Research and Innovation, initiate an inter-ministerial initiative to improve the regulatory climate for energy from biomass. This initiative will improve provincial knowledge of new energy-related technologies, and remove/reduce barriers to energy from biomass, including the creation of a single entry point for regulatory consideration of Bioenergy projects.

Proposal 4.1.8-A: Eastern Ontario requests that the Ministry of Agriculture, Food and Rural Affairs review its support programs to ensure that eligibility conditions do not limit pursuit of agriculture-based economic opportunity to organizations comprised entirely of or led by agricultural producers.

Proposal 4.1.8-B: Eastern Ontario requests that the Province review its support programs for research, innovation and commercialization to ensure that eligibility conditions include stakeholders from rural areas, including agricultural producers, processors, and other small businesses.

Proposal 4.2.1-A: Eastern Ontario requests that the Province develop an approach to supporting municipal infrastructure investments that incorporates

- Clear provincial investment priorities
- Allocation-based systems rather than competitive processes
- Sustainable revenue streams
- Multi-year commitments
- A requirement for solid evidence of need.

Proposal 4.2.1-C: Eastern Ontario requests that the Province launch any competitive infrastructure funding processes as early in the annual budget cycle as possible so that municipalities can apply, learn the results, and act on any funding secured as early in the construction season as possible. This extra measure of funding flexibility could enable municipalities and other investors to keep cost increases to a minimum by preventing situations where everyone is competing for the same construction firms and materials at the same time.

Proposal 4.2.2-A: Eastern Ontario requests that the Province should make a short-term investment in broadband designed to overcome initial capital cost barriers, thereby bringing the initial capital cost and risk down to a point where private sector Internet Service Providers (ISPs) can make a business case for *operating and maintaining* the service.

Proposal 4.3.1-A: Eastern Ontario requests that the Province (through the Minister of Training, Colleges and Universities) initiate development of a new program that will expand the range of educational options available to residents of rural Eastern Ontario. The program could be similar in structure and operation to Contact North (Ontario's most extensive distance education network serving Northern Ontario). It would also include program development funds to support curriculum development for an online/interactive learning environment.

Proposal 4.3.2-A: Eastern Ontario requests that the Province (through the Minister of Training, Colleges and Universities) pursue policy changes through the Labour Market Partnership Agreement that will

- Ensure local/regional priority setting for labour market programs
- Enable staff to package supports to meet individual needs
- Integrate transportation into program design and supports offered to service recipients
- Reduce or eliminate internal segmentation of programs
- Expand the sources of funding for skills development and training of existing employees by private sector businesses, and
- Help single industry towns diversify by nurturing ideas from within the community.

Proposal 4.3.3-B: Eastern Ontario requests that the Province provide specific incentives to community economic development (CED) agencies in rural Eastern Ontario to support the development and implementation of educational services that meet identified CED needs.

Proposal 4.3.4-A: Eastern Ontario requests that the Province (through the Ministry of Research and Innovation) encourage the direct involvement of stakeholders beyond publicly-funded research institutions in any networks formed to create a culture of innovation in Ontario.

Proposal 4.3.5-A: Eastern Ontario requests that the Province join the region in an analysis of demographic trends across the region and assessment of provincial policy implications, once the relevant data from the 2006 census is released.

Proposal 4.4.1-A: Eastern Ontario requests that the Province designate or create a single organization to serve as a one-stop access point for rural Ontario. Because of the presence of the Rural Economic Development Program within OMAFRA, and the success of this program in meeting the needs of rural Ontario, Eastern Ontario recommends that OMAFRA's Rural Development Division be designated as the "one-stop" access point for rural Ontario and provided with the human and financial resources to track programs and funding opportunities, and serve as an information resource for rural areas.

Proposal 4.4.2-A: Eastern Ontario requests that the Province either increase the resources to the OMAFRA RED program or use the program design as a model for other rural development programs.

Proposal 4.4.2-B: Eastern Ontario requests that when "universal" programs are created/announced, the Province create internal funding envelopes for communities of different sizes, to ensure that smaller communities are not overlooked in funding decisions.

Proposal 4.4.3-B: Eastern Ontario requests that the Province recognize the financing challenges of rural municipalities by creating specific mechanisms through which these municipalities can access financing. In particular, Eastern Ontario requests that the Province assist in setting up:

- A \$20 million per year Eastern Ontario Prosperity Fund through which to finance infrastructure and community development programs. The Fund will be administered by a regional organization designated by the Province to make allocation decisions in the best interests of the residents of Eastern Ontario.
- An Eastern Ontario Grow Bond Program to help small and medium sized businesses to retain or create new jobs through the expansion or establishment of new businesses. The program will provide residents of Eastern Ontario with the opportunity to invest in a safe, competitive savings instrument, while actively contributing to the economic future of the region.

Proposal 4.4.4-A: Eastern Ontario requests that the Province address the inequities in commercial and industrial education taxes applied to businesses in this region.

Proposal 4.6.2-A: Eastern Ontario requests that the Province (through the Ministry of Transportation) undertake a collaborative initiative through which the region and the Province would develop a regional transportation master plan for Eastern Ontario. The plan would tie together:

- **The 401 corridor, other 400 series highways, and Highway 7 as a development corridor connecting Toronto, Ottawa and the Province of Quebec**
- **Highways 17 and 416 will serve as a key north-south corridor with north-south arterial roads and bridges connecting Highway 7 and 401 at various points across the region. Municipalities can then link local road systems into this regional grid.**
- **Border crossings into the U.S. (three fixed crossings plus one water-based crossing via Wolfe Island)**
- **A lake-based marine strategy, capitalizing on deep sea ports to move bulk materials both directions across Lake Ontario. This effort could also contribute to Ontario's greenhouse gas reduction strategy.**
- **Rail service expansion, particularly spur lines that will allow manufacturers close to the main lines to access this transportation service.**
- **Air services, including Ottawa International Airport and smaller regional airports (ex. Kingston, Peterborough)**
- **Multi-modal freight systems which combine road, rail and water shipping to deliver goods to market as quickly and efficiently as possible.**

Proposal 4.6.3-A: Eastern Ontario requests that the Province initiate the next phase of Places to Grow planning, focussing on Eastern Ontario. Eastern Ontario expects that this planning process will be collaborative in nature, ensuring that communities in the region have ample opportunity to shape their own destinies within the framework of the Provincial Policy Statement.

Proposal 4.6.3-B: Eastern Ontario requests that the Province begin the process of interpreting good planning principles to Eastern Ontario's growth aspirations. In particular, Eastern Ontario requests the assignment of an individual with land-use and service planning expertise funded through the Ministry of Municipal Affairs and Housing, with support from the Ministry of Public Infrastructure Renewal, to assist local governments with policy development to deal with growth pressures already in evidence as well as those to come.

Proposal 4.6.4-A: Eastern Ontario requests that the Province develop a comprehensive waste management strategy which includes diversion from landfill (to recycling or reuse), and utilization of new environmentally safe technologies to render hazardous materials harmless and convert them to usable form or to a source of energy. Further, Eastern Ontario requests that the Province develop financial incentives to encourage the introduction/adoption of measures contained in the waste management strategy.

Proposal 4.6.5-A: Eastern Ontario requests that the Province encourage and provide incentives to organizations with commercialization expertise to expand their service areas to include both the public and private sector, particularly SMEs.