

## **Transcript from Pre-budget Consultation October 18, 2018 Winnipeg, Manitoba Community Futures Network of Canada Presentation and Questions**

### **The Chair:**

Thank you, Jim.

We turn now to the Community Futures Network of Canada, with Ms. Smitka and Mr. Denbow. Welcome.

### **Mrs. Wendy Smitka (President, Community Futures Network of Canada):**

Thank you very much, Mr. Chair. It's a pleasure to be here.

On behalf of our members across rural Canada and our 267 offices, we wanted to tell you a little bit about what we contribute to the Canadian economy.

The main objectives of the community futures program are to help rural Canadians start or expand a business and to help strengthen our communities by diversifying their local economies. We work with our communities to assess local problems and plan and implement solutions. We deliver a range of business counselling and information services to SMEs and social enterprises. We provide access to capital when they can't access that capital from traditional sources. We support community-based projects and special initiatives.

There are currently 267 CF organizations serving close to 15 million Canadians across rural Canada in all 10 provinces as well as in Nunavut and the Northwest Territories. We employ more than 1,300 professional staff who are guided by 3,375 local volunteers.

Established in 1985 as part of the Canadian jobs strategy, the community futures program is a model for socio-economic development that has received international acclaim and is often praised by the Organisation for Economic Co-operation and Development.

A 2017 OECD study recommended that the Government of Canada increase funding for the community futures program and assist community futures organizations in unblocking unused resources, with the aim of increasing the penetration of small business loans and business development services in remote and rural areas of Canada. The OECD has called the community futures program one of the most innovative and successful rural-oriented policies anywhere in the world and stated that its success is due in no small part to the fact that it is locally run and suited to local conditions.

I believe it is this ability for local volunteers to determine how federal funding can best be directed to meet local needs that has led the CF program's well-documented record of success, which we have noted in our brief.

I myself have been volunteering with Community Futures for 20 years now, first in central Vancouver Island, in Nanaimo, then in our provincial organization, and then western and national organizations. The reason that I and thousands of other community volunteers continue to volunteer for Community Futures is that we want to make a difference. When we volunteer for this organization, that difference is very tangible. We get to see the businesses that have started in our communities go on to grow and prosper. We get to see these special projects and initiatives create the right ecosystems for which those businesses can thrive.

### **Mr. Jason Denbow (Board Member, Community Futures Network of Canada):**

However, 10 years of frozen funding have now significantly eroded our ability to continue to effectively support those rural entrepreneurs and communities. There exists a gap of close to \$100,000 between the resources required to provide our services and the funding that's provided by the federal government in many of the regions of the country.

CF organizations have adapted as best as they can by adopting new efficiencies and processes, but increased deficiencies can only hold off the impact of inflation for so long. Without additional resources, it's a matter of time until service delivery to rural Canadians suffers and the management of our more than \$1.2 billion in federal assets is placed at risk. It isn't just the delivery of our existing services that are at risk, but also the underutilized capacity that's within our network to support other federal priorities.

CF organizations are strongly engaged in serving indigenous and women entrepreneurs, new Canadians, and entrepreneurs with disabilities. We have an extensive reach in rural Canada. We believe that our 267 CF organizations represent the federal government's second largest point of service network in rural Canada, second only to the post office. With appropriate resources, we could further advance the government's commitment to support indigenous entrepreneurship and could help ensure that rural Canadians enjoy the same access as their urban counterparts to initiatives like the women entrepreneurship strategy, the innovation superclusters initiative, and Connect to Innovate, just to name a few.

We're asking for three recommendations within our brief.

The first is that the government further leverage the Community Futures network of 267 locally directed organizations across rural Canada to support its overarching goal of ensuring a competitive Canadian economy.

The second is that the government provide additional annual resources of \$42.35 million for five years to increase the ability of Community Futures organizations to support federal priorities and deliver the program services.

The third is that the government support the modernization of the terms and conditions of the CF program to better serve the needs of rural entrepreneurs and communities.

The program updates that we are requesting will allow our services to keep pace with modern entrepreneurial needs. Our requested additional investment of \$42.35 million over the next five years will not only restore the service delivery capacity within the CF network, but we believe it will allow us to increase our lending, serve over 6,000 new clients, and create more than 4,000 new jobs while undertaking 1,600 new projects that will allow our CFOs to participate in a meaningful way in local community economic development.

In conclusion, the Community Futures program is a proven delivery network that has generated significant impacts and, if appropriately resourced, has the potential to generate many more while providing the federal government with a much-needed delivery mechanism to achieve their priorities in rural Canada. We are confident that the changes and supports that we're requesting will provide increased opportunities for all Canadians living in rural Canada to participate in the government's push to ensure Canada's competitiveness, and we hope that you agree.

Thanks for your time.

### **The Chair:**

Thank you, both.

### **Ms. Kim Rudd:**

**Caucus: Liberal Constituency: Northumberland—Peterborough South Province/Territory: Ontario**

### **Discussed Topics**

Okay. Thank you very much.

Community Futures has been near and dear to my heart as an entrepreneur for the past 30 years. Being very involved in the ones in my community, I have seen the difference it has

made, particularly in rural communities, in bringing economic development to places where people didn't anticipate it happening.

We still have challenges. We have challenges around broadband and other things, but one of the things that has happened—and I want to get your thoughts on this—is that we're starting to see innovation hubs, makers' labs. It's happening in one of my communities. They have changed the landscape of the possibilities.

Are you familiar with those new innovation hubs coming directly out of the Community Futures program? As you mentioned, you could probably write a book about the work you've done as a volunteer over the last 20 years. In those rural communities we're seeing out-migration from the more urban areas, with a lot of the skilled people in business volunteering their time and mentoring, which has been a game-changer, frankly.

Can you talk a little about the potential of those innovation hubs and about how that mentoring is helping to transform the rural communities?

**Mrs. Wendy Smitka:**

There are certainly a few in British Columbia I can speak to.

In the Okanagan Valley there is the innovation tech sector. The provincial government at one time wanted to set the Okanagan Valley as the Silicon Valley of the north, and so they invested some of the provincial resources. You'll see the lottery corporation, for example, in B.C. is housed in Kamloops, because they have their online gaming machines, and that was seen as kind of kick-starting that particular industry.

Working with Community Futures and Okanagan University, they were able to build quite a tech sector in the Okanagan, and with people from across the country retiring into the Okanagan area, you find that you have very well-educated individuals who then get a little bored and would love to take a look at some of these young start-ups and mentor young people and even provide their own capital, forming mini-pockets of angel investing for some of these young entrepreneurs. It's a really good strategy, a combination of business groups looking to support them, the university helping with the innovation sector, and Community Futures doing the planning piece that says we could have a niche here if we work collaboratively to put it together. It works very well.

**Ms. Kim Rudd:**

Thank you.

**Mr. Greg Fergus:**

**Caucus: Liberal Constituency: Hull—Aylmer Province/Territory: Quebec**

**Discussed Topics**

Thank you very much, Mr. Chair.

To begin, I have a comment for Ms. Smitka. It is a comment, not a question.

Your sector does outstanding work for community development, just as the Community Futures Development Corporations, or CFDCs, and Business Development Centres, or BDCs, in Quebec do.

I am saying this to send a message to my colleagues at the table. If they are not already aware of the work of the BDCs and CFDCs, I encourage them to tour their own regions. They will find volunteers, both former business people and entrepreneurs, who are helping other entrepreneurs develop something in their own region.

That is what I wanted to say, Ms. Smitka. I commend you and fully support your request, which is entirely reasonable.....