



Prosperity and Growth Strategy for Northern Ontario: What we heard



Introduction

Canada's inclusive Innovation and Skills Plan, announced as part of Budget 2017, aims to build our nation as a world-leading innovation economy that will create jobs and grow the middle class. In April 2017, the Honourable Navdeep Bains asked FedNor to develop an economic development strategy to ensure that Northern Ontario can benefit fully from the Innovations and Skills Plan while addressing the specific needs and issues important to local residents, communities and businesses. In addition, this strategy will be in line with a range of federal and provincial government priorities including supporting a strong middle class, sustainable infrastructure, jobs and innovation, export and investment and inclusiveness.

The Prosperity and Growth Strategy for Northern Ontario (PGSNO) will be the region's very own roadmap to economic development and success. It will highlight the economic growth opportunities as well as the efforts required to diversify Northern Ontario communities. To help prepare this strategy, FedNor undertook a series of extensive engagement activities from June to November 2017 which included roundtables, meetings and online tools aimed at reaching stakeholders from every corner of the region. Participants contributed both knowledge and expertise that is vital to helping develop a truly unique and strategic approach to grow the region's economy.

The following report provides a comprehensive overview of what FedNor heard during its engagement efforts. It summarizes the broad range of views, considerations and recommendations participants brought forward, and it outlines some of the major themes that emerged. This information will be invaluable in guiding future Government of Canada investments and activities in the region.

FedNor wishes to thank all those who took part in its engagement activities and gave generously of their time and expertise, and applauds their commitment to the prosperity and growth of Northern Ontario.

Executive summary

As we listened to your observations and ideas, we heard a range of comments, such as access to resources to be competitive, infrastructure, broadband, transportation or housing, which in some cases are preventing many communities from becoming more innovative. Furthermore, issues relating to the shortage of skilled resources and the scarcity of local training opportunities continue to hamper prosperity.

You have also indicated that the cost of living and doing business in Northern Ontario is high and the lack of diversity in many communities makes them highly susceptible to the effects of resource industry' boom and bust cycles. Finally, we heard the importance of considering the individual characteristics and challenges of the various communities across the north. A 'one size fits all' approach to regional economic development in Northern Ontario will not optimize prosperity and growth opportunities. This is a key consideration in developing a strategy that is unique to Northern Ontario.

More specifically, you reconfirmed the need to:

- Build economically sustainable communities that can compete in attracting and accommodating new business investment, labour, and professional/technical talent.
- Promote skills development as well as attract and retain employees, professional and technical talent and entrepreneurs to Northern Ontario.
- Support the retention and growth of existing businesses and the creation of successful new businesses.
- Level the playing field and manage risks associated with the adoption of new technologies, innovation and clean technologies in urban and rural areas.

In speaking with stakeholders across the region, 12 common areas of action began to emerge. The 12 areas of action, summarized below, will inform the development of the PGSNO. As we work to implement these ideas in the months to come, let's work together to foster innovation, create more opportunities for collaboration and drive prosperity and growth in Northern Ontario.

Twelve areas of action

1. Infrastructure (broadband; transportation; and, energy)
2. Diversification and self-sufficiency
3. Northern image
4. Rural and remote communities
5. Timely and effective support
6. Shortage of human resources
7. Indigenous participation
8. Building on regional strengths
9. Business supports
10. Indigenous enterprises
11. Technology adoption
12. Access to support for innovation

Over the past 6 months, we have had the privilege of interacting with a wide range of Northern Ontario stakeholders across the region to discuss the PGSNO Framework and to hear their thoughts and ideas on how to ensure a strong, diversified, prosperous and growing economy for Northern Ontario.

Engagement efforts began in June 2017 and included an online questionnaire, 33 roundtable discussions and 12 formal presentations. FedNor also received written submissions in response to the PGSNO Framework.

During the engagement period, we heard feedback from key stakeholders such as: community and Indigenous leaders; representatives from different segments of the population including Francophones, youth and women; economic development organizations; private sector and industry representatives; innovation centres; post-secondary institutions; and, federal and provincial government departments.

Engagement snapshot

600+	33	12	435+
Questionnaire respondents	Roundtables	Presentations	Roundtable participants

Online Questionnaire

In total, we received over 600 responses to the online questionnaire from respondents across the region that represented several types of communities and organizations including a particularly strong representation of private sector businesses and municipalities.

In-Person Engagement

The in-person engagement activities also reached a broad cross-section of individuals in communities across the region. Discussions ranged on a variety of topics including innovation, technology, health, education, training, youth, business and entrepreneurship and community needs.

What Northern Ontarians told us

Throughout the engagement period, Northern Ontarians have emphasised a desire for increased collaboration among individuals, businesses, communities, organizations and various levels of government to address regional community and business needs. More specifically, participants stated the need for a more collaborative and open process that would allow them to share their ideas and best practices; combine resources and join forces towards building a stronger and more diversified Northern Ontario.

What we heard- Communities

Identify ways to build economically sustainable communities that can compete in attracting and accommodating new business investment, labour, and professional/technical talent.

Infrastructure:

Repeatedly, Northern Ontarians expressed their widespread concern regarding the quality, and in some instances, the lack of infrastructure in some parts of the region. Northern Ontarians see potential in regional infrastructure projects, such as roads leading to the Ring of Fire or infrastructure relating to the National Mid Canada Corridor, were seen as having transformative potential.

Broadband:

Access to broadband was brought up repeatedly as a missing link to business opportunities, personal and corporate communications and professional advancement. Additionally, stakeholders stated that having access to reliable internet could enable more Northern Ontarians to access basic services such as education, training and health, without having to leave their communities. The absence of broadband was also identified as a key factor preventing isolated communities from having access to the rest of the region and the world. Overall, we were told that the ability to use a safe, secure, affordable and quality internet connection is a prerequisite to significant economic development.

Transportation:

During our engagement, we also heard stakeholders voice their concerns regarding the need to improve the existing transportation infrastructure in many rural communities across the north. Various transportation issues such as the impact of climate change on winter roads as well as expensive and oftentimes unreliable transportation systems prevent many residents from accessing basic necessities. Furthermore, business leaders described how an inadequate transportation system in some parts of the region significantly impacts their ability to move their products to market, resulting in a barrier to growth. Rail, air and road access was repeatedly mentioned as a prerequisite for a more connected Northern Ontario.

Energy:

Representatives from First Nations and small communities situated along the southern border of the Far North, voiced strong support for connecting remote First Nations communities to provincial road and energy transmission corridors. Stakeholders expressed concern about climate change and its impact on winter road access, especially considering 25 Indigenous northern communities are diesel dependent. . In addition, to reducing Greenhouse Gas emissions, reducing diesel dependency by connecting communities to the transmission corridor is essential to accommodate more housing units, commercial buildings and business operations. The construction of and access to the grid is also expected to generate new employment and business opportunities for communities and businesses, specifically owning and operating new energy generation projects including transmission corridors (Wataynikaneyap Power, Supercom Industries), micro-grids, run-of-the-river/hydro and biomass cogeneration.

Diversification and self-sufficiency:

During our engagement, we heard stakeholders associate a diversified economy with a strong economy. More specifically, we heard about single industry towns that are struggling to create growth opportunities and employment. Add to this a growing trend to urbanization and they find themselves even more at risk. Some fear that without a properly executed transition and diversification strategy, many of these communities may cease to exist. As a result, many respondents emphasised the need for these communities to focus on emerging sectors and the tourism industry to help them diversify their employment and economic base beyond resource extraction and processing. For Indigenous Peoples, community diversification was synonymous with self-determination and the ability for their communities to gain more control.

Northern image:

We heard about challenges and change but we also heard about choosing to live in Northern Ontario and the appeal of its unique lifestyle advantages. In comparison to large urban centres, housing in Northern Ontario is more affordable, work commutes are shorter, a variety of outdoor activities are available and there is an abundance of clean water and fresh air. Many stakeholders identified the need for all levels of government to promote a positive image of Northern Ontario to target and attract businesses and individuals who place a greater importance on shared lifestyle choices.

Rural and remote communities:

There is a perception that while the larger cities in Northern Ontario have reasonable infrastructure, amenities, services and opportunities for businesses to grow, smaller communities in Northern Ontario continue to experience a decline in infrastructure and services including, transportation, health care, available housing, broadband and education. Without the basic infrastructure, such as housing, it remains difficult to attract and retain people to these more rural and remote communities, let alone actively participate in an innovative economy.

Timely and effective support:

A number of stakeholders identified the high level of administration in the application process along with the lack of coordination between governments as a deterrent to applying for, and benefiting from, available government programs. The problems mentioned include: the amount of paperwork involved in completing an application, not having the time or expertise to complete the application process, insufficient knowledge on the availability of government programs or where to find them as well as the lack of flexibility in program parameters. Some stakeholders expressed an interest in having funds flow directly to municipalities so that they can decide what their priorities are. Also, stakeholders noted that the government needs to take some of the risk when providing assistance and that its risk threshold was too low. Stakeholders also noted that funding should be extended over a longer period when dealing with longer-term projects.

“A connected North is a strong North; One that can rely on inter-community support and discussion when making decisions, and ensuring equal opportunity for population retention, employment opportunities, education, health and new initiatives through the availability of a modern technology network.”

What we heard- People

Identify ways to promote skills development as well as attract and retain employees, professional and technical talent and entrepreneurs to Northern Ontario.

Shortage of human resources:

During our engagement, we heard that human resource shortages are negatively impacting business operations and community development. The distance between most Northern Ontario communities and larger markets creates additional barriers to attracting workers to the region. More specifically, stakeholders told us that municipalities and businesses need to have the resources to retain and attract new talent, but that they cannot do this alone. The key to success, they said, is through joint efforts to ensure that residents in the North have access to good postsecondary education, training opportunities and entrepreneurial support.

[Attracting talent and entrepreneurs to the region:](#)

Stakeholders were clear on the importance of attracting both talent and entrepreneurs, including their families, to the region. Suggestions included initiatives to better promote the region, both within Canada and abroad, as a great place to live, work and do business. They also reiterated that the presence of proper physical and social infrastructure, including access to broadband, health care, housing, education as well as artistic and cultural amenities, is a precursor to attracting workers and businesses.

Some stakeholders also suggested that incentives, including increased wages, housing or the promise of reasonably priced farm land, to individuals moving to the region should be considered as a recruitment strategy for the north. The incentive model used by the Northern Ontario School of Medicine (NOSM) to recruit physicians to the region, which includes paid tuition in exchange for years of service in northern communities, was often cited as a successful recruitment example.

On immigration policies, we were told that there is a need to revisit existing regulations and timelines to ensure that a more consistent proportion of immigrants to Canada are encouraged to come to Northern Ontario. Examples of successful immigration programs were provided including the Immigration Portal on the east coast.

[Development and retention:](#)

The lack of access to education and training in smaller and rural communities was a common concern raised by stakeholders during the engagement period. Respondents cited the high costs of having residents leave their communities for educational purposes and how this can be detrimental to long term economic growth. Therefore, having access to local training opportunities, either in a physical or virtual classroom setting, could go a long way in helping to retain youth and the working age population. Stakeholders suggested, among other things, that local targeted educational offerings be made available in fields where there are current or future shortages, such as trades. For example, specific initiatives could include providing local training opportunities in specific trade-related fields in Northern communities as well as increased promotion of trades as a viable career option in high schools across the north. Proper implementation would require close collaboration with all education institutions, workforce planning boards and the private sector as well as the presence of appropriate broadband infrastructure.

[Promoting entrepreneurship:](#)

Entrepreneurship was raised during the engagement period as an essential element to growth, as well as a necessary business succession tool, given the increasing number of owner/operators planning for retirement. In fact, several stakeholders told us that they are already seeing business closures due to the lack of other options available.

With this in mind, it is not surprising that while there was agreement that entrepreneurship support, such as business planning and access to capital, should be provided to all segments of the population, there was an overwhelming call to start engaging youth in entrepreneurship. The message we heard was loud and clear: attracting and supporting youth, both Indigenous and Non-Indigenous, and developing their entrepreneurial ideas is imperative to growth and prosperity in Northern Ontario. Additional programs, such as Head Start in Business and Francophone Plus, are also valuable to helping young entrepreneurs get started, regardless of the business sector they are in. We also heard of the importance of introducing the concept of entrepreneurship through education programs in elementary and post-secondary schools.

Mentorship programs that showcase the potential and value of business ownership could also benefit youth and encourage more of them to stay.

Indigenous participation:

During our engagement sessions, participants stated the need for increased collaboration between relevant government departments and stakeholders to advance the participation of Indigenous peoples in the workforce. Despite the growing Indigenous youth population, the life expectancy and quality of life for many Indigenous Peoples living in Northern Ontario is below the norm. Roundtable participants identified the need for community planning and development that addresses both social and economic challenges together and builds the capacity for leadership, project management, business planning and economic development in the community through mentorship. We also heard some Indigenous leaders speak of working more cooperatively with neighboring communities including possible pilot projects to explore sharing of some services including health care and education.

When it comes to training and education, we heard that all training and education programs should include a segment on the history of Indigenous Peoples in Canada to promote understanding and to provide a baseline for customized training (i.e. life skills) and expectations. In addition, we heard there is an opportunity to retain educated/certified Indigenous members in the community by offering them entrepreneurship training and supports to establish businesses in the community as a career alternative to working for someone else.

“Ensuring the labour force is adequately trained to meet the changing nature of work, as well as ensuring entrepreneurs are aware of the changing nature of employees is key to meeting the demographic shifts and mitigating the transition.”

What we heard- Companies

Identify ways to support the retention and growth of existing businesses and the creation of successful new businesses.

Building on regional strengths:

During the engagement period, Northern Ontario stakeholders acknowledged the region's concentration of strong and well-developed mining supply and services, forestry products and biomass and tourism sectors, as well as an established agriculture sectors. The emerging sectors of health sciences and biomedicine, ICT/digital, clean energy and agri-food were seen as opportunities for growth. They highlighted the need to find creative, capacity building solutions that would enable these established and emerging sectors to grow, innovate, and expand into new markets. More specifically, they talked of the importance of supporting the established, knowledgeable and innovative mining cluster in the North, including the national mining supercluster which, with its local key players, could act as a transformative initiative for the region.

Others highlighted the fact that Northern Ontario has the majority of the province's woodlands and provides most of the province's forest products. An integrated and comprehensive approach to managing this valuable resource is needed to maximize the impact on all sectors that contribute to the region's economy. Emerging from a long downturn, the forestry industry is now making large investments in value-added forest products, and new clean and green technology that is resulting in operational efficiencies and new biotechnology opportunities.

Many also noted the rising interest in the agriculture sector, in large part because of the competitive land price advantage along with more than one million acres of unused agricultural land and longer growing seasons. Due to the aging demographic of Northern Ontario farmers, many participants reiterated the need to consider encouraging youth to take on jobs in this sector as part of a well-executed succession plan.

Business support:

During the engagement, we heard stakeholders state the need to further promote and expand existing programming for businesses across Northern Ontario. More specifically, we heard of the lack of general knowledge among business owners of existing programs and where to access them. Others spoke of the need to improve current business support in the region by simplifying the application process, improving waiting times, increasing the funding dollars available and expanding the guidelines to be more inclusive of businesses of all sizes and in all northern regions. In terms of the type of assistance, we often heard about the need for increased access to capital, staffing, additional trade and export support as well as improved networking opportunities.

[Access to capital:](#)

Based on what we heard, a lack of access to capital, including working and operational capital, continues to be a hurdle in moving innovation forward. We were told that without readily accessible capital, many of the new ideas that have potential may never materialize. Furthermore, businesses of all sizes, including start-ups and those in transition, have a desperate need for financial support. Businesses face challenges in finding investors in the region who are willing to take financial risks in non-traditional sectors forcing many companies to move to other parts of the country or to the United States. Some suggested that future initiatives take advantage of existing mechanisms in place, such as local Community Future Development Corporations (CFDC), to further address the need for increased access to capital in the north.

[On the job training:](#)

Stakeholders mentioned that while businesses value on-the job training and education and training initiatives that incorporate a work element, they also feel that existing internship and apprenticeship programs could be improved. Some have suggested changes to current internship programs, such as expanding the duration, increasing the funding limit, broadening the guidelines to include different age groups, eligible occupations and sectors and having access to more focused internship programs for specific population groups or occupation. With regards to apprenticeship, we heard about the difficulty for recent graduates to find businesses willing to take them on as apprentices. On the other hand, we heard about businesses that are reluctant to spend their limited resources on training an apprentice who might leave to go to a larger company once the apprenticeship period is over.

[Expanding sales and bringing products to market:](#)

Businesses have also asked for increased support in expanding their sales and bringing their products to market. This includes providing them with the ability to better market their products, more opportunities to attend trade shows such as the Royal Agricultural Winter Fair and the Prospectors & Developers Association of Canada (PDAC) Convention, and, for those Northern Ontario businesses who already export the tools to explore new markets.

[Networking opportunities:](#)

Northern Ontario stakeholders also identified networking opportunities as highly beneficial to their growth. Networking, they said, would not only encourage a collaborative environment, but would also provide more opportunities for businesses to share their best practices while helping the North reinforce its economy. Networking opportunities are a particular challenge in Northern Ontario given the distance between communities and limited transportation infrastructure. These challenges add to the costs connected with planning networking events within the region, and the time and costs associated with attending events outside of the region.

[Indigenous enterprises:](#)

We were told that supporting new business and enterprise models in Indigenous communities, including those that take advantage of major transformative developments, such as the Ring of Fire and the provincial commitment to connect remote and diesel-dependent communities to the provincial highway system and the power grid, would go a long way toward revitalizing and diversifying Northern Ontario's economy. We also heard that business arrangements and joint ventures with resource companies would benefit from activities that reduce the perception of financial risk associated with new business ventures such as training in good governance, business planning/decision-making and financial management.

Community members and businesses reiterated the need for access to affordable, reliable broadband and cell service in Indigenous communities and asked us to recognize cultural differences in providing supports for developing new and existing projects and businesses by:

- providing non-traditional financing options for Indigenous business initiatives (i.e. longer-term financing horizons to allow for start-up and capital acquisition, capital financing for the hostel in Sioux Lookout);
- incorporating procurement set asides and off-sets for Indigenous businesses as well as regional information sessions on projects occurring in the region; and,
- facilitating opportunities to build business experience, confidence and knowledge through mentorships and joint ventures.

“Supporting the development and growth of companies, entrepreneurs and trade will require marketing to the businesses to help them understand what supports are available to them and how they can access these, as well as clear funding models that will ensure supports are available and affordable.”

What we heard- Technology

Identify ways to level the playing field and manage risks associated with the adoption of new technologies, innovation and clean technologies in urban and rural areas.

Technology adoption:

While many agreed that technology is a precursor to growth, others pointed out that the lack of basic infrastructure such as broadband serves as a significant barrier. Another common obstacle we heard was the high costs associated with technology adoption, including green technologies. More specifically, these costs include the purchase of the technology itself, retrofitting it into current operations as well as augmenting the competencies of existing staff in the areas of repair, recycle and repurpose. As a result of these costs, compounded with a lack of awareness in new technologies, many businesses and communities, particularly those in rural settings, do not consider technology adoption as a viable option. Some respondents cited the need for local ICT networks to continue to work with employers to encourage the adoption of more technology driven methods.

As for clean technology adoption, there was a general consensus that more work is required to strengthen community awareness, ensure long-term sustainability and facilitate the implementation of clean technology including Indigenous participation in clean energy projects. Several stakeholders stated the need for additional support for biomass technologies and waste management.

Access to support for innovation:

During the consultation process, participants reported the need for additional support to businesses to help them gain access to expertise, mentorship and services that could help them foster innovation. Stakeholders spoke positively of the work that the Regional Innovation Centers are doing in the region and stressed the value in expanding those services to more people across the north. We also heard about the importance of supporting the collaboration among post-secondary and research institutions as well as industry, to establish and adequately resource and manage technology transfer offices and hubs. Stakeholders also cited that access to objective, third-party expertise to assess the merits of a proposed innovation and/or clean technology initiatives, would benefit the region.

Although incubators are generally found in larger cities, several stakeholders stated that there is a need for physical or virtual incubators and accelerators to be spread out throughout the region, including in Indigenous communities. The outcome, they said, could be the creation of local collaborations and building of community capacity of residents to leverage local assets and help to diversify the economy. They also told us that potential incubators, which could be housed in existing buildings such as local libraries, could help attract talent to the region while helping to ensure that communities have the logistics and resources to develop and commercialize research and business ideas.

“Helping private sector businesses to collaborate, innovate and commercialize is critical. We have so much talent in Northern Ontario and by broad collaboration, mentorship, and resource sharing we could expedite innovation and adoption of new technologies.”

Conclusion

Northern Ontario stakeholders have stated a clear and comprehensive approach to drive economic development in the region is mandatory. They have made it clear that economic initiatives that result from the PGSNO should take into account the unique characteristics and needs of the various communities in the North. Yet, they also called for increased collaboration at the regional level.

The feedback we have received through FedNor's in person engagement activities and through the online questionnaire was extremely helpful and we sincerely thank all those who participated. One thing is clear: Northern Ontarians are truly passionate about their region and strongly believe in its potential.

In order to have meaningful results, collaboration will be the key to the success of the Prosperity and Growth Strategy for Northern Ontario. In the coming months, FedNor will work with other government departments and stakeholders to develop specific initiatives to respond to the various needs of the communities throughout the region. The final strategy is expected to be made public in early 2018.