



Prosperity and Growth Strategy for Northern Ontario



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1. Introduction

Northern Ontario is a vast region with a small and dispersed population. The growth of its economy has been slow relative to the rest of Ontario and Canada, and it has historically been dependant of primary sectors such as forestry and mining. These and other challenges facing the region are driving the need for economic diversification and a transition to a more innovative economy.

The Prosperity and Growth Strategy for Northern Ontario is being prepared to highlight the economic growth opportunities as well as the efforts required to diversify the economic base of Northern Ontario communities.

2. Northern Ontario Overview

Facts

- Approx. 811,000 residents dispersed across almost 90% of Ontario's landmass
- 1 person per square km (vs. 118 in southern Ontario)
- Northern Ontario population less than that of Ottawa
- Home to 150 municipalities
- Over half (54.5%) of population resides in five larger cities (excluding Kenora)
- 93% of municipalities have population less than 6,000; 74% have less than 2,000
- 105 of Ontario's 127 Indigenous communities, including 31 remote reserves, 25 diesel dependent
- 92% First Nation communities have less than 1,000 residents
- Northern Ontario's strong resource based industries are key contributors to Ontario's economy





3. Economic Overview

Diverse Resource-Based Economy

- Strong and well-developed mining, forestry, wood products, agri-food and tourism sectors
- Home to 34 of the province's 43 operating mines, and 29 of the 30 mines currently under development
- Ring of Fire resource potential valued at over \$60 billion with high job creation potential (over 5500 jobs)
- Contains three quarters province's woodlands – provides most of Ontario's forest products
- Manufacturing mainly linked to resource sectors, including value-added product development
- Competitive land price advantage along with more than one million acres of unused agricultural land
- Significant land base offering a wide variety of tourism-based activities

Growing Clusters and Partnerships

- 10 post-secondary institutions (PSI) align to region's economic fabric and supported by network of innovative organizations across Northern Ontario, e.g. Health Sciences North Research Institute, Thunder Bay Regional Research Institute
- PSIs are key source of knowledge and innovation, and central to research and development (R&D) process and commercialization
- World class mining cluster, including Laurentian University's Metal Earth Research Program, Centre for Excellence in Mining Innovation (CEMI)'s Ultra-Deep Mining Network, and Living with Lakes Bio-Mediation Program
- 5 expanding Regional Innovation Centres (RICs) provide entrepreneurship development and training expertise to small and medium-sized enterprises (SMEs), work together as the Northern Technology Alliance to grow innovation sector throughout the region



3. Economic Overview (cont.)

Established Business Support Infrastructure and Partnerships

- Developed business networks such as Northern Ontario Angels, PARO Centre for Women's Enterprise, Canadian Manufacturers and Exporters (CME), FP Innovations and Great Lakes Forestry Centre
- Business development and growth services across region support entrepreneurs and exporters, including Community Futures Development Corporations (CFDCs), Business Development Bank of Canada (BDC), Ontario Small Business Enterprise Centres, and municipal economic development corporations

Federal-Provincial Engagement:

- Given the size of Northern Ontario and the diverse make up of its municipalities, First Nations, SMEs and other stakeholders, collaboration and engagement between various levels of government are essential and have been well established
- Given the similarities in mandates of FedNor and the province's Northern Ontario Heritage Fund Corporation (NOHFC), collaboration between these two organizations has been and will continue to be an essential element in the pan-Northern approach to delivery of programs
- FedNor also works closely with other federal departments to maximize the effective delivery of their programs and services to the benefit of Northern Ontario. Examples of collaboration include Natural Sciences and Engineering Research Council of Canada (research and development, commercialization), Export Development Canada (manufacturing, exporting) and Natural Resources Canada (forestry, mining)
- Formal collaboration has been established and continues on the Ring of Fire mining development opportunity, consisting of 14 federal departments and several provincial ministries jointly engaged in coordinating delivery efforts



4. Challenges

Geography/Demography

- Large number of small, rural and remote communities dispersed over a large territory
- Aging and declining population due to low birth rate and outmigration
- Lower education and employment levels as compared to provincial levels
- Low level of immigration to Northern Ontario

Economy

- Three distinct economic regions – Northeast, Northwest, Far North
- Slow transformation away from reliance on traditional resource economy in rural regions; limited diversification in five major centres
- Commodity markets facing global economic pressures (i.e. steel, minerals, softwood)
- Lowest gross domestic product (GDP) per capita (\$38,318) among all regions in Canada
- Low labour force participation compared to other Canadian regions
- Anticipated skilled labour shortages resulting from work force/skills mismatch, population decline and outmigration



4. Challenges (cont.)

Infrastructure

- Communities lack required attributes to attract business investments and expansions
- Per capita infrastructure expenditures for Northern municipalities above provincial average due to climate, large geography, small population and remoteness
- Broadband coverage limitations impacting business attraction and expansion
- PSIs have limited financial resources to facilitate R&D leading to commercialization

Business Development

- Many small firms are isolated from larger clusters and professional networks, leading to limited corporate investments, influence and competitiveness
- Northern Ontario SMEs export less than Southern Ontario counterparts
- Higher cost of doing business, including energy, transportation and financing
- Smaller firms adopting Information and Communications Technologies (ICT) at slower rate than larger counterparts
- Less business innovation activity in SMEs (36.6%) compared to Southern Ontario (44.9%) and Canada (41.6%)



5. Opportunities for Growth

Innovation and Clean Technology

- Transitioning businesses in economic sectors, e.g. mining, forestry, agriculture and tourism, to become more knowledgeable and innovative industries to respond to global growing demand
- Emerging demand for new resources, e.g. chromite, graphite, lithium and forest-based bio-products creating new economic opportunities
- Increasing R&D and use of technology to address health and well-being of rural and remote Indigenous communities
- Expanding innovation centres to facilitate interdisciplinary research, innovation, and address production and commercialization gaps in SMEs
- New green and clean technologies to support value-added forestry, mineral exploration, mine development and regional infrastructure
- Micro-grids and green/clean energy generation opportunities for Indigenous communities across region
- Supporting advanced manufacturing and adopting new technologies to increase manufacturing activity

Entrepreneurship, Trade and Digital Economy

- Emerging economic sectors, e.g. bio-economy, life sciences, agriculture, renewable energy and aerospace with commercialization opportunities
- Developing new market-driven tourism products
- Adopting new ICT systems to bridge geographic barriers



5. Opportunities for Growth (cont.)

Building Stronger Communities

- Major transformative projects, e.g. Ring of Fire, multi-modal transportation, connectivity of remote Indigenous communities
- Increasing agricultural sector through crop diversification and attracting new farmers to region
- Interprovincial trade agreements may create new and expanding business
- Emerging Indigenous entrepreneurship, workforce and regional networks, e.g. Indigenous Tourism Ontario and Indigenous Mining Centre of Excellence
- Growing Indigenous youth population has potential to help address skill shortages



6. Supporting the Innovation and Skills Plan

People

Goals:

To build a diverse, skilled and educated labour force that enables small and medium-size businesses to scale up and transform ideas into marketable products and services

Desired Outcomes:

Increased availability of targeted talents and skills required in workforce; improved attraction and retention rates, including those of immigrants; increased number of SMEs owned by women; increased participation of Indigenous people, women and other targeted groups where they are underrepresented; increased supports for youth to stem youth outmigration and transition into innovation economy

Potential Priority Initiatives:

- Build on collaborations with relevant government agencies and stakeholders to advance initiatives that support SMEs in attracting and retaining talent and developing new and innovative processes and technologies
- Facilitate international students' transition into local job markets where skill/knowledge gaps are identified
- Ensure programs and supports are in place to encourage women entrepreneurship
- Collaborate with relevant government agencies and stakeholders to advance participation of Indigenous peoples into workforce



6. Supporting the Innovation and Skills Plan (cont.)

Technology

Goal:

To promote the adoption of advanced technologies so that businesses and communities can increase their competitiveness, attract talent and expand into new markets

Desired Outcomes:

Access to and increased adoption of technologies; expanded innovation ecosystem; increased research and development collaboration and investments; diversified economy and revitalized traditional industries

Potential Priority Initiatives:

- Expand regional innovation ecosystem through support for incubators, accelerators, networks and access to capital
- Increase support for private sector research and development, technology adoption and development of related skills
- Develop a strategic approach in support of development, commercialization and adoption of clean technologies through collaboration with relevant government agencies and stakeholders
- Collaborate with provincial and federal government to invest in micro-grids and green energy generation in remote Indigenous communities
- Work with government partners and existing ICT networks to increase adoption of ICT technologies and support the Connect to Innovate program



6. Supporting the Innovation and Skills Plan (cont.)

Companies

Goal:

To encourage business start-up and scale-up to grow globally competitive companies

Desired Outcomes:

Increased number of new SMEs; increased amount of funding leveraged; increased number of new Indigenous SMEs; increased SMEs accessing new markets; increased businesses in clean tech sector

Potential Priority Initiatives

- Map existing and emerging clusters and expand support by increasing government/stakeholder collaboration and aligning efforts to grow key sectors
- Grow export-oriented firms by building capacity for innovation and trade promotion
- Increase manufacturers' competitiveness and productivity
- Support new business and enterprise models in Indigenous communities, including those that take advantage of major transformative developments, e.g. Ring of Fire, electrification and all-season roads



6. Supporting the Innovation and Skills Plan (cont.)

Building Stronger Communities

Goal:

To help municipalities and Indigenous communities develop their capacity to plan, promote, attract and support long-term economic growth to better respond to opportunities and challenges, and advance common goal

Desired Outcomes:

Increased number and value of strategic infrastructure initiatives; increased value of investments in Indigenous initiatives; increased number of communities investing in green infrastructure, and value of investments

Potential Priority Initiatives:

- Increase support to community centres that stimulate new business opportunities and social enterprises
- Support leadership development and associated human capacity, particularly in Indigenous communities, to increase their ability to effectively champion and manage economic development projects
- Expand federal/provincial collaboration to streamline support to Indigenous communities
- Support the development of new Indigenous business networks and skills development initiatives in key sectors, particularly mining, forestry, tourism, agriculture and arts and culture
- Encourage communities and regions to become more innovative, productive and competitive by fostering linkages among businesses, institutions and other communities to engage youth; attract people and talent; and, invest in projects that create jobs and drive innovation
- Support transition and diversification opportunities for communities that have relied heavily on one economic sector in the past
- Leverage opportunities resulting from multi-modal investments



7. Approach

Principles:

- Engagement – Build on feedback from previous consultations and innovation roundtables through continued engagement and consultation with regional federal/provincial and other stakeholders in Northern Ontario
- Collaboration – Support a coordinated and collaborative approach among federal and provincial governments that increases impact of key interventions
- Evidence-based – Improved data and research capacity for sound policy-making
- Pan-Northern – Emphasize region-wide approaches
- Alignment – Ensure actions align with national priorities/strategies and, as appropriate, with the province, to maximize alignment and leverage
- Inclusiveness – Foster economic growth that improves living standards and shares benefits of increased prosperity more evenly across social groups, including women and Indigenous peoples
- Outcome-driven – Identify clear and realistic outcomes