

Key Findings Report

Economic Development Strategy for Eastern Ontario

Supported by:

Eastern Ontario Wardens' Caucus

Eastern Ontario Mayors' Committee

Province of Ontario

Government of Canada through Eastern Ontario CFDCs

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Agenda Slide

- Review of sources of information and insights
- Review of consultation input
- Presentation of key findings
- Discussion of key findings
- Next Steps



Inputs to Strategy Framework

- Background and literature review/document scan
- Updated regional economic analysis
- 500+ participants in online business and economic development community surveys
- One-on-one/small group interviews with 120+ individuals
 - EDOs, key sectors (manufacturing, tourism, agriculture, forestry), funders, education and training, SMEs
- Nine focus group discussions with 140+ people geared to major themes
- Small group discussions with Wardens' Caucus and Mayors' Committee



Input from Wardens' Caucus – regional priorities

- Greater collaboration and information sharing between lower-tier, upper tier municipalities and EOWC
 - path to sustainability is collaborative ... with decreased funding this is critical
- Capitalize on the region's sense of place/quality of place assets to be successful in the future economy
- Provincial recognition of the needs of rural areas
- The attraction of immigrant investors and strategies to deal with this opportunity



Input from Wardens' Caucus – Regional Priorities

- Need to understand why businesses make their location decisions
 - There is a “manufacturing mindset”
 - Need to understand that smaller business opportunities focused on locally-available resources and labour force is the future
- A procurement policy directed at the region's MUSH sector
- Retention is as important as attraction
 - cheaper to keep a client than to find a new one



Input from EOMC – Regional Opportunities

1. Amalgamation of neighbouring municipalities
2. Significant immigration program
3. Greater regional cooperation - pool resources promotion & marketing
4. Funding model to address infrastructure deficit
5. Leverage vacant land and vacant buildings – target institutional/food processing sectors
6. Regional approach to common services
7. Infrastructure capacity driven new investment & re-investment activity
8. Improved highway connections



Stakeholder Consultation Priorities

1. Providing the 'right' infrastructure for business
2. Creating a stable and predictable business environment
3. Introducing new regional approach to economic development
4. Delivering innovation services
5. Redoubling our efforts on workforce development
6. Reinventing traditional sectors
7. Applying new technology
8. Focusing on Eastern Ontario's energy sector



Businesses ‘Top Ten’ List

Factor (from online survey results)	Business	Economic Development
1. Access to capital /financing	33%	33%
2. Innovation Services (to stimulate development of new businesses, products or services)	32%	33%
3. Youth attraction and retention	31%	39%
4. Broadband/high-speed internet	29%	23%
5. Workforce – improve skill levels or education	23%	25%
6. Business networking (to encourage information sharing , partnerships, joint bids/tenders)	23%	11%
7. Advocacy with upper levels of government on business issues	20%	16%
8. Transportation infrastructure	20%	30%
9. Regional marketing programs	20%	14%
10. Sector-based marketing programs	19%	12%



Trends in Regional Economic Performance

- 2011 population for Eastern Ontario is 726,270 with a further 395,627 people living in the separated cities (StatsCan – Household Survey)
 - Comparable growth in rural and urban areas from 2001-2011 (6.09% / 6.33%)
 - Growth has slowed since 2006 (2.62%)
- Fastest population growth seen in Hastings, Prescott Russell, Haliburton, Renfrew, Lanark
- Population loss occurred in Prince Edward County, Kawartha Lakes and Frontenac (2006-2011)
- Population loss occurred in Smiths Falls, Gananoque, Brockville (2006-2011)



Trends in Regional Economic Performance

- The industries that account for the largest proportion of employment include:
 - Health Care and Social Assistance (12.7%)
 - Retail Trade (12.7%)
 - Public Administration (10.8%)
 - Manufacturing (9.1%)
 - Educational Services (8.3%)
 - Construction (7.7%)

- Total labour force in Eastern Ontario grew by 1.5% from 2006 to 2011

- Manufacturing saw the greatest losses over same period - over 13,000 workers followed by Agriculture - loss of 1,950 workers



Trends in Regional Economic Performance

- Businesses concentrated in retail, construction, other services and health care and social services (StatsCan Business Patterns 2012)
- Business losses since 2008 seen in utilities, wholesale trade, educational, manufacturing
- Increases in the number of businesses seen in agriculture, information and cultural industries, health, real estate and construction
- In 2012, 53% of all businesses with employees have under 5 employees and 74.8% employ less than 10 employees
- 50% of all business are home based/self employed



Broader Trends – ‘Fork in the Road’

- Balancing perceptions with reality of the regional economy
 - Stakeholder focus on tourism, may be unwarranted
 - 6.6 % of all businesses and 7.7% of all employment
 - A disconnect between the world class image of certain destinations in Ontario and the quality of the experience upon arriving
 - Regional and provincial tourism assets are aging; need redevelopment and investment
 - Growth in agricultural operations and investment significant, but not creating employment; there is a high cost of entry (agriculture / agri-business)
 - Manufacturing will be challenged by ongoing structural shifts; historic employment levels will not return, technology deployment will be dramatic
 - Quality of life does not have the appeal we think for younger workers or other target segments; come for a few years, leave for the career progression



Broader Trends – ‘Fork in the Road’

- Emerging niche markets, integration of technology across all sectors of economy require better competitive intelligence and industry expertise
- Technology integration has significant implications for growth of economy - education, manufacturing, innovation, health care, retailing, tourism
- Quality of infrastructure challenges investment attraction and retention
 - Hydro grid, energy costs and energy security/stability
 - Infrastructure deficit and underinvestment will continue to erode region’s competitive position
- Education system not responding fast enough to shifts in economy or needs of business; no confidence in available data on needs of business



Broader Trends – ‘Fork in the Road’

- Focus of economic development efforts need to change
 - Heavy orientation toward incremental improvements rather than disruptive thinking
 - No clear sense of unique pan-regional competitive advantage; confusion between market orientation, level playing fields, sectoral strengths and competitive advantage
 - For every 100 new jobs created in the private sector
 - *55 jobs will be created by the expansion of existing local businesses*
 - *44 jobs will be created by new start-up companies*
 - *Only 1 new job will be created by a “greenfield” corporate relocation (EDAC: Performance Measurement in Economic Development, 2011)*



Broader Trends – ‘Fork in the Road’

- Need better tools for financing economic development
 - Atmosphere of no new money, especially for small, local initiatives
 - Higher expectations for ROI/performance measurement from senior levels of government and municipalities
 - More expectations for financial partnerships and regional approaches
- New revenue generation tools emerging
 - crowd funding
 - New style angel investors



Strength of Eastern Ontario Economy

Factor (from online survey results)	Business	Economic Development
Strength of own sector?	52% “flat” or “modest growth”	Not applicable
Strength of Eastern Ontario as a whole?	52% “flat” or “modest growth”	60% “flat” or “modest growth”
Overall optimism for the future for Eastern Ontario	66% “somewhat or very” optimistic	77% “somewhat or very” optimistic
Optimism for your own sector	70% “somewhat or very” optimistic	Not applicable
Optimism for your own community	Not applicable	83% “somewhat or very” optimistic
Optimism for your own business	79% “somewhat or very” optimistic	Not applicable
Eastern Ontario as a place to grow a business	60% “good to excellent”	68% “good to excellent”
Promoting Eastern Ontario	27% “good to excellent”	53% “good to excellent”
Advocating for Eastern Ontario	38% “good to excellent”	53% “good to excellent”



Linking Strategy to Business Needs

- Two streams of attention required:
 - MNEs: need hard infrastructure, labour force support and related quality of life
 - SMEs: need innovation services support, access to capital, access to education/training, encouragement to capitalize on EORN
- The needs and opportunities of these enterprises could converge around the use and repurposing of “under-performing assets” (vacant buildings, underutilized land, libraries, provincial and federal facilities)



Linking Strategy to Business Needs

- Link business needs with what residents and employees will want
 - Quality of life (for employees, also residents) needs to be better substantiated
 - Understand the segmentation (families, immigrants, cultural diversity)
 - Transportation systems (shipping, commuting, travelers)
 - Housing
 - Health care, education



Linking Strategy to Transportation Study

- Top Ranked Priorities – Impact and ROI
 1. Improving government investment into upgrading and maintaining major regional road corridors including MTO downloaded roadways - Various Locations
 2. Constructing a new deep water port facility within Eastern Ontario - include intermodal capabilities, distribution terminals, short sea shipping operations and ability to handle bulk and container cargo
 3. Port of Prescott - new marine terminal and rehabilitated docks, improved rail access, and new/upgraded grain terminal
 4. Streamlining of Border Regulations between Canada and the US
 5. Optimizing multimodal transportation infrastructure in Ontario through development of new intermodal facility - Partnerships between different levels of government and the private sector



Workforce Attraction, Development and Retention

- Identified segmentation:
 - Youth (18-35)
 - Second career
 - Highly Qualified Personnel
 - (e.g. engineers, health care professionals)
 - Skilled trades
- Major changes in this sector:
 - Internet-based programs and social media (e.g. MOOCs, webinars)
 - Increased demand for training at site of employment, cost sensitivity



Workforce Attraction, Development and Retention

- Concern about labour market information:
 - Quality (current? Suitability for developing programming?)
 - Granularity
 - Accessibility of job vacancy info, shifts in employment



A Case for Regional Economic Development

- Demand for a new type of leadership
- Need to focus on/get beyond areas where there is no inter-municipal competitiveness issues, or change the mindset
- Structures and operating models of existing organizations with economic development mandates do not match needs for future
- Strong regional economic models
 - OneKC
 - Raleigh Durham Research Triangle
 - REDA's
 - RDA's



Rethinking Capacity to Deliver Regional Economic Development

- New players on the field (EORN, RTOs)
- No overarching governance structure for implementation of major initiatives
- Shifting mandates at provincial and federal level
- Limited experience (beyond EORN) delivering large-scale economic development initiatives
- Best roles for key players? (EOWC, EOMC, Ontario East, CFDCs, EORN, RTOs, Industry Associations, Educational Institutions, Training Boards)



Discussion of Key Findings

- Reaction, response to key findings?
 - Are there any additional insights that need to be reflected?
- What do you consider to be the priorities for Eastern Ontario based on these findings?
- Can these findings form the basis for the development of strategies?



Next Steps

- Confirmation of key priorities
 - Opportunity for additional research
- Summary of key findings for website
 - distribution to interviewees/focus group participants
- Develop and detail strategies for moving forward with priorities
- Outline/framework for Economic Development Strategy report