

FINAL REPORT

**COMMUNITY PROFILES AND
INVESTMENT READINESS PROJECT**

**MUNICIPALITIES OF GILLIES AND
OLIVER PAIPOONGE**

PREPARED FOR THE:

**STEERING COMMITTEE
COMMUNITY PROFILES PROJECT**

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May 14, 2008

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	
Background and Introduction	4
Goals and Objectives	4
Present Situation	4
SWOT (Strengths, Weaknesses, Opportunities and Threats)	5
Community Profiles and Marketing Brochures	7
Available Options	7
Recommendations	8
Conclusion	9
1 BACKGROUND AND INTRODUCTION	10
1.1 Approach to the Study	11
1.2 Other Investigations	12
1.3 Acknowledgements	12
2 SITUATIONAL ANALYSIS	13
2.1 Current Situation	
2.1.1 Historical Perspective	14
2.1.2 Economic Growth and Trends	16
2.1.3 Demographic Trends	18
2.1.4 Political Spectrum and Dynamics	22
2.1.5 Economic & Business Cycles	22
3 OVERVIEW / REVIEW	24
3.1 Critical Issues & Success Factors	25
3.1.1 Common Identity	25
3.1.2 Geographical Dispersion	25
3.1.3 Political & Economic Integrated Vision	25
3.1.4 Taxes	26
3.1.5 Labour Force	28
3.1.6 Land & site location	30
3.1.7 Cost of Energy	31
3.1.8 Business Incentives	32
3.2 Competitive Analysis	
3.2.1 Thunder Bay	39
3.2.2 Northwestern Ontario Region	40
3.2.3 Rest of province and country	40

4	STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS	42
4.1	On Site Interviews/Survey results	43
4.2	Community Strengths & Opportunities	46
4.3	Community Weaknesses & Areas of Concern	46
4.3.1	Local Issues	46
4.3.2	Global Issues and Trends	47
4.4	List of Viable Economic Development Opportunities and Trends	47
4.4.1	Eco-Tourism	47
4.4.2	Snowmobiling - Ice Climbing - Winter Sports	49
4.4.3	Value Added Wood Products	49
4.4.4	Mineral exploration	51
4.4.5	Exports to U.S. Markets	52
4.4.6	Small Business Sector - Information Technology	54
4.4.7	Agriculture	55
5	RECOMMENDATIONS	56
5.1	Marketing Development Strategy Framework	57
5.2	Vision Statement	58
5.3	Policies & Programs	58
5.4	Integrated Marketing Program	59
5.4.1	Short Term	59
5.4.2	Medium Term	60
5.4.3	Long Term	60
6	IMPLEMENTATION PROCESS (ACTION PLAN)	61
6.1	Marketing Plan	61
6.2	Communication Strategy	63
6.3	Leveraging Resources	64
6.4	Performance Indicators and Timelines	65
6.5	How to Measure Success	66
6.6	Follow Up - Maintaining Momentum	67
7	APPENDICES	68
	Appendix A - Trends & Opportunities Survey	
	Appendix B - Community Profile survey Results	
	Appendix C - Gillies - Community Profile Template	
	Appendix D - Oliver Paipoonge Community Profile Template	
	Appendix E - Gillies Taxable Assessment Trends	
	Appendix F - Oliver Paipoonge Taxable Assessment Trends	

EXECUTIVE SUMMARY

Background and Introduction

The Municipalities of Gillies and Oliver Paipoonge have a long, proud, and to some extent a similar history. Their evolution and prosperity has for a long time relied on the traditional natural resources, and transportation sectors of agriculture, forestry, mining and railway. Global competition and demographic forces have in recent years combined to create structural changes that are having a substantial impact on these communities. Such changes are creating both challenges and opportunities. A primary challenge is to maintain the spirit and pride of each community, while developing a foundational theme that will bind them together, and will express the desires and aspirations of the area as a whole. This presents an opportunity that lay in building on the inherent strengths of the two communities through a collaborative approach to create a prosperous and rewarding future for all.

This Community Profile and Investment Readiness report is only a tool and a means to this future. Its major components build on the historical trends that have shaped this area of the Northwestern Ontario region, and looks at the future in the context of the present local, regional, and global economies. This is followed by an action plan that outlines a step-by-step approach to take advantage of viable marketing and economic development opportunities.

Goals and Objectives

The overall goal of this project was to **develop a standardized social/economic profile** for the two communities to aid in the process of attracting and facilitating both public and private investments into the area, as well as providing the training and developing the critical knowledge for economic development planning.

The municipality of Oliver Paipoonge had started the process through a 2001 Strategic Economic Development Plan and since then has used and maintained a community profile to promote itself. The Township of Gillies has not had the opportunity to develop such plan and its needs are therefore more pronounced. The challenge is to maintain each community's uniqueness and responds to its economic development requirements while promoting the complementary aspects that make it an attractive area to invest in.

This report provides a comprehensive analysis of the key factors that influence investment decisions. While it deals with strategic issues, the report is not intended to be either a strategic or economic plan. It is however meant to be more of a combination of the two, aimed at supporting and producing a road map for marketing the area through an Inward Investment program. It will also include an implementation and action plan that can be easily integrated into any strategic or economic development plan.

Present Situation

The communities of Gillies and Oliver Paipoonge are trending lower than the province in terms of income and employment due to recent displacement of higher paying jobs in traditional resource-

based and manufacturing industries in the surrounding areas where a large numbers of the communities' employment is derived. There is a relatively older population with a high home ownership. Lower education levels and population growth vis-à-vis the rest of the province, are challenges that many other communities also face in Northern Ontario.

In the last five to ten years, this area has experienced slow to negative assessment growth (see Appendices E and F) that is in line with the average loss of taxable assessment in the region. This situation poses new challenges that when coupled with numerous strengths (including a good quality of life, excellent recreational and tourism facilities, etc.) and few weaknesses, provides the municipalities with good opportunities for further growth and diversification.

Review

The consultant met separately and together with the steering committees of the two communities to review the approach that would best serve their respective needs. A key objective of this community profile and investment readiness project was to provide training in economic development. To that end, an investment readiness gap analysis was conducted, that focused on the following seven areas that represent key considerations for investors:

- Community profile
- Industrial and commercial land inventory
- Marketing
- Land use planning
- Economic development
- Dealing with site selectors
- Monitoring investment inquiries

The specific requirements of each area were fully reviewed and discussed in light of the particular needs and resource capabilities of the communities. Given the limited staff resources available, the role of the committee was identified as being very important in leveraging other resources needed for an effective community economic development program. One area of opportunity that was quickly developed in the Township of Gillies was the formulation of a small business association.

SWOT (Strengths, Weaknesses, Opportunities and Threats)

An analysis of strengths, weaknesses, threats and opportunities provided the key findings listed below. Such findings were corroborated by one-on-one interviews with key stakeholders, through a survey (see Appendix A) and our own analytical review and research.

Strengths

- Overall receptive and user-friendly municipal administration and council
- Favorable industrial and commercial tax rates in relation to other communities
- Good quality of life
- Proactive, energetic and informed business community
- Potential for major local tourist attractions (Lake Superior, Provincial Parks, etc.)

- Extensive recreational facilities
- Good location, next to a large urban centre and Trans-Canada Highway
- Good and improving telecommunication infrastructure
- Availability of trained and skilled workforce
- Excellent health care and education services within 40 km.

Opportunities

- Potential projects
 1. Heritage Tourism and Interpretive Centres
 2. Value-added wood processing
 3. Service support industries in tourism and recreation
 4. Development of cottage lots and retirement homes
 5. Snowmobiling/all season trails, Ice climbing
 6. Wind-power, solar power and other hydro generation projects
- Mining opportunities
- Enhance tourism opportunities in the area (i.e. further enhance signage program, trifold brochures on things to do while in the area, website enhancement and cross-linking, community collaboration, etc.)
- Exporting opportunities across various sectors (i.e. wood products, etc.) into the US Midwest and western Canada markets.
- Small business sector growth opportunities through enhanced programs in education, training, entrepreneurship, telecommunications, etc.

Community Weaknesses & Areas of Concern

Local Issues

- Lack of long-range planning for the area as a whole (starting to change)
- Over reliance on natural resource industries, and poor current market conditions
- Exploration strong, but some mining operations coming to the end of their life.
- Lower educational level of workforce when compared to provincial average
- Lack of common identity for the two communities due to
 1. Diverse economic base and historical growth patterns
 2. Geographical dispersion (i.e. separate enclaves)
- Lack of land use designation for commercial and industrial development/investment in some communities
- Out-migration

Global Issues and Trends

- US economic slowdown, high Canadian dollar, and softwood lumber tariffs affecting lumber exports
- Cyclical weaknesses in commodity prices affecting forestry employment in the area
- Structural deficiencies of northern communities (i.e. smaller economies of scale,

- higher prices, higher transportation costs, youth out-migration, etc.)
- Constraints to development outside of the municipality control (i.e. MTO and other bureaucracies such as new water regulations)
- New Hydro de-regulations and higher energy costs which curtail the Municipalities' ability to retain and attract manufacturing operations.

Key Areas of Opportunity:

Our analysis, together with interviews and survey respondents, indicate that **the greatest areas of opportunities in both the short and long term are in the residential rural living, tourism & recreation, value added wood products and mining. Other areas are small business growth, and exports to U.S. and western Canada markets.** While Gillies and Oliver Paipoonge are already benefiting from a natural strength in these sectors, its true potential can be maximized by a cohesive marketing and communication strategy. Our recommendations and implementation strategy are aimed at achieving these stated goals and objectives.

A list of viable marketing development opportunities has been developed, prioritized, and ranked by short term (6 months to 2 years), medium term (2-5 years), and long term (5-10 years). The approach to the development of such opportunities is to concentrate on the successful completion of present projects in order to maintain momentum, while pursuing the future opportunities listed.

Community Profiles and Marketing Brochures

There are many ways to present a community to prospective investors or to people who may want to relocate or retire. Community profiles aim at putting the community's best foot forward, so to speak. A marketing brochure takes it one step further. It does so through a targeted approach by identifying in advance the targeted audience. In fact, the interests of an investor may be quite different than those of a retiree or a young couple who are relocating. Investors are usually bombarded by information and do not have the time to do a lot of research. The marketing brochure highlights the critical cost elements and issues such as labour force characteristic, levels of education, incentive programs, etc. that are important to an investor, while also covering the more subtle quality of life items.

Available Options

A number of options were available in designing a community profile and marketing brochure. A community profile already exist for Oliver Paipoonge through the services of Ontario Investment and Trade Centre on the Internet at www.2Ontario.com and Gillies just completed theirs; however, while being comprehensive in nature and providing a lot of detail information for potential investors, this type of profile is not feasible for push marketing strategies (vs. a present passive strategy where the prospective investors would search the Internet for information).

As well, marketing brochures created in the last few years were also not reflective of the changing dynamic of the region. A different approach was needed. In consultation with the steering committee, and a number of other people who provided their input, it was decided to move forward with a generic type community profile brochure that would highlight the areas' strengths and opportunities in various

sectors (from an investment and relocation perspective), while incorporating the unique characteristic of each community.

Recommendations

The key recommendations in this plan are the result of key findings and are:

- ❑ Develop a simple to use and consistent community profile for each community in the area and incorporate them into a community brochure that highlights key strengths and economic development opportunities of the area
- ❑ Create a "one-stop-shop" approach to marketing economic opportunities
- ❑ Position Gillies and Oliver Paipoonge to take advantage of other resources by developing partnerships
- ❑ Launch the BizPal online service program to support the small businesses community
- ❑ Develop and implement a tourism and business marketing strategy, including enhancements of both web site and signage program
- ❑ Develop and implement an Internet high-speed access strategy for the area to take advantage of present and future developments in this sector
- ❑ Develop and implement a strategy for taking advantage of economic opportunities identified in this report
- ❑ Develop and implement a communication strategy for investors and residents

Such a plan is based on a simple **strategy** of:

- Providing training and knowledge to key individuals and committees to position the communities to take advantage of current economic trends and opportunities;
- An integrated economic and political vision;
- A proactive approach to diversifying the economy; and
- Leveraging resources through partnerships.

A strategy is meant to guide people towards a goal. The larger purpose of such goal is a vision; the one thing that can crystallize the energy and resources of the municipalities and its citizens towards a common goal. The proposed vision for Gillies and Oliver Paipoonge is:

"The municipalities of Gillies and Oliver Paipoonge are comprised of dynamic communities well positioned for success in the global economy, through the collaborative encouragement and support of entrepreneurship and business development, and the provision of an excellent quality of life for their citizens"

It will accomplish this vision through:

- The development of opportunities for investment, employment, and a rewarding lifestyle;
- Further diversification of the economic base;

In support of the above, Municipal Councils and staff should develop policies and programs that reflect the aims of the vision, maintain community involvement in the process, market the

municipalities, and balance economic development and diversification with social amenities and environmental responsibility.

Conclusion

The consultant recognizes that strategic planning/marketing is a continuous and systematic process, where the various interests and stakeholders – political leaders – industry and business – community residents - come together to make decisions about a desired outcome. Such decisions where possible, should be made by consensus and all factors important to the communities should be considered. Towards this end we have formulated six guiding principles that will help shape the process of developing the Marketing Strategy and brochures for attracting and retaining investment in the region and communities.

Implementation (or action plans) developed under this process will create opportunities for the communities to fully participate in the planning and implementation of its recommendations. Finally, we have developed a process for the communities to measure the progress of this plan. This is not only from a monetary perspective, but also from a human resource and quality of life potential, in order to enable the communities to be well positioned and prepared to take advantage of future opportunities as they arise. Such opportunities are primarily focused on ensuring the long-term diversification and sustainability of the area's economy.

Ultimately, it is the experience of this consulting team that if the communities are to succeed in establishing themselves as a desirable location to live and work, they must do everything they can to provide new investors with excellent services. It is just as important however, to also work on retaining the present investments in their communities through a program of business retention and expansion. We are confident that this study, the marketing action plan and the community profile brochure will provide a road map to that destination, and the tools to help the communities achieve their goals.

1 BACKGROUND AND INTRODUCTION

Despite robust economic growth in the rest of the province during the last 5 years, Northwestern Ontario has been experiencing a downward trend in both its population and taxable assessment. The Steering Committee, made up of elected officials, economic development and other municipal employees from the municipalities of Gillies and Oliver Paipoonge, realized that changes in the demographic, economic, political and social environment of Northern Ontario, coupled with further government regulations and downloading, required a more comprehensive approach from both the strategic and economic development perspective to ensure that their communities were better prepared to face the future. As a result, in early January 2008, the Committee issued a request for proposals to complete a Community Profiling Project and Investment Readiness Training program. In early 2008, Pullia Accounting & Consulting was commissioned to begin work on such a project.

Overall Project Goal: The overall goal of this project was to **develop standardized social/economic profiles** as well as a Community Investment and Training Program for the communities of Gillies and Oliver Paipoonge. This project is designed to provide community leaders and municipal planners with the required information and training to gauge their community's attractiveness to investors and identify areas of enhancement as to make their communities investment ready.

This project will assist the respective municipalities achieve the following goals:

1. Enhanced ability to market their areas to the public and private sectors for development opportunities;
2. Meaningful employment opportunities for the communities within the two target areas;
3. Opportunities for local entrepreneurs to realize their own business plans;
4. Financial returns on investments made by the communities;
5. Development of partnerships to implement the overall strategic objectives. This initiative can help form a series of connected and complementary initiatives that are driven by a variety of individuals or businesses.

Specific Objectives: The purpose of this community investment project is to focus on the following seven areas that represent key considerations for investors:

- Develop community profiles that will provide a statistical overview of the communities and values in economic development
- Develop a data base of all pertinent information regarding industrial and commercial land inventory, including real estate resources and services

- Prepare a physical description of the community facilities, resources, and other relevant information, with an emphasis on identifying infrastructure requirements and direction for land use planning
- Carry out a demographic, economic, social, cultural, and external analysis with the view of enhancing the marketing potential of the area
- Carry out a SWOT (Strengths, Weaknesses, Opportunities, and Trends) analysis to maximize the economic development potential of the area
- Develop strategic goals on the most appropriate use of the information for marketing and economic development purposes in dealing with site selectors, as well as monitoring investment inquiries

Guiding principles:

1. The investment readiness and any marketing plan must be developed by working in close collaboration with local representatives
2. The investment training and report will help develop opportunities and attributes that are unique to the township of Gillies and Oliver Paipoonge.
3. The training and any resulting marketing plan must be practical and be able to be implemented beginning in the short term, given local resources and abilities
4. The investment readiness must support the development of a year-round development strategy including the winter and shoulder seasons for tourism
5. The delivery of the training must be consistent and synergistic with neighbouring communities/region and meet the criteria of Ontario Investment Services website (www.2Ontario.com) in relation to the community profiles
6. The development of economic potential of the subject area (Township of Gillies and Oliver Paipoonge) must be compatible with and complementary to the plans for general community development within their immediate area.

1.1 Approach to the Study

The approach as suggested in the terms of reference was as follows:

Work Plan: The plan was to be divided into three phases as follows:

Phase I - Meeting with Steering Committee, review scope of work, objectives and expected results.

Begin consultation on training requirements based on review of Investment readiness. Start development of training modules.

Phase II - Provide first phase of training, and suggestions for preparation of marketing plan.

Phase III - Finalization of Community Investment Readiness program, and additional training as required for enhancement and implementation of any marketing plans.

Our approach to this project was both sequential and integrated. The work was structured into a series of tasks and deliverables, each with its own set of objectives and activities. The consultant and the steering committee were committed to a high level of consultation with all major stakeholders to ensure that all relevant information was included in the plan. To this end, a questionnaire (see Appendix A) was prepared and a series of one on one meetings and interviews held with key stakeholders. The results of such survey are summarized in section 4.1.

1.2 Other Investigations

The consultant reviewed extensive documentation assembled for us by the Committee as well as other relevant material, including historical assessment trends and new tax rates and structure. In-depth discussions were held with business people in the area (mostly Gillies through the formulation of a small Business Association) along with Municipal Councillors, staff, and Mayors. In order to understand trends, risks and opportunities in both the local and global environment, research was conducted and interviews were also held with corporate, education and government officials.

1.3 Acknowledgements

We understand that this study is an important undertaking for the Steering Committee and it will provide useful strategic information and marketing tools for the Municipalities of Gillies and Oliver Paipoonge. To be successful this study required the full co-operation of the Steering Committees, Administration staff, and Councils. We also stressed the need for an inclusive process in order to attract the full participation of stakeholders in the community.

We have received excellent co-operation by all those involved. In all our meetings and one-on-one interviews we received excellent comments and constructive suggestions. People were prepared to contribute their time and ideas. Councillors and administrative staff were candid and fair, as well as sincerely interested in providing the best quality of services to their constituents.

We would like to thank everyone for their contribution to this community profile and Investment Readiness Project. We trust that our work will meet and surpass your expectations, and lead to an enhanced level of service and growth for the Municipalities of Gillies and Oliver Paipoonge.

2.0 SITUATIONAL ANALYSIS

PHASE I – Meeting with Steering Committee, review scope of work, and begin consultation on training requirements.

Goal: the goal of this stage was to:

- 1) Consult with the municipalities' Steering Committees to ensure that their expectations matched the criteria identified by the service providers from the Northern Communities Investment Readiness program (NCIR).
- 2) Gain a thorough understanding of the communities' strengths and weaknesses, particularly as they relate to the Investment Readiness module provided by the funding agency. The results of this review would be matched with the needs of the communities as they relate to major sectors of their economy and industries (employers), economic opportunities, global economic forces, trade issues and changing demographics in which the community and surrounding region operate,
- 3) In light of the analysis carried out in steps 1 & 2, identify the best training methodology that would suit the needs of the communities.

Approach:

Meeting with steering committee:

It was important that the first step was to meet with the steering committee and identify clear and concise criteria to be used for the identification of training needs. It was proposed that the consultants and the steering committees have a minimum of three (3) meetings, and that these meetings take place at the beginning of each phase. A final meeting would occur at final report presentation.

The consultant met with the municipality of Gillies' and Oliver Paipoonge's steering committees to go over the scope of work and identify more clearly the direction and training needs of the target group. As Oliver Paipoonge had already gone through an extensive economic development strategic plan in 2001, its committee felt that the training should be concentrated to the planning and development and Community Services staff. It was agreed that the committee in Gillies would be enlarged to include more community representatives and elected officials to provide back up resources to the contact person.

Review of Investment Readiness:

The consultant began phase I by evaluating information that was previously prepared by the Townships and other organizations, regarding their community profile and economic development conditions. This helped to further the understanding of economic development trends and needs in the area and how economic development marketing as a whole, was being conducted, in order to provide training that was meaningful and relevant to the objectives of the municipalities and the

NCIR initiative.

Development of training modules:

For the township of Gillies this included the results of a community profiling needs assessment report to be used on the Ontario Investment Services website, as well as for investment purposes as required by the Township (i.e. marketing purposes). For the municipality of Oliver Paipoonge it included a review of their community profile (already in use) and identification of needed updates and changes to their Economic Development Plan.

Such reviews in turn helped develop strategies to target industries for investment; identify ways to build on the present strengths in the knowledge base of the trainees; identify and work on weaknesses (i.e. no dedicated Economic Development staff available); and take advantage of opportunities (i.e. need for leveraging resources wherever possible, taking advantage of other related development plans in the region; availability of certain labour skills or opportunity for skills development).

The consultant **worked closely** with the Steering Committees in the development of training modules that met both the expectations and needs of each municipality. The consultant also provided all coordination and project supervision

Training of key individuals and team dedicated to economic development:

The consultants conducted **training sessions** to:

- Ensure that the key individuals (administrative and planning personnel) as well as support team (committee) had a clear understanding and were familiar with the methodology being used in attracting and retaining investment.
- Ensured that gaps in investment readiness were clearly identified and documented
- Community profiles were being developed consistently.
- Identify and appoint a team leader for each community. This team leader was the main contact during the various training phases and as part of ongoing economic development and marketing efforts.

2.1 Current Situation

2.1.1 Historical Perspective

Gillies

Silver was discovered in the area in the 1840's and mines were opened along the Silver Mountain Road. By 1850, there was a townsite at the Beaver Mine, complete with school, homes, boarding houses, bank and stamp mill, all visible from the Silver Mountain Road. In 1893, the Township was opened for settlement, the Port-Arthur Duluth railway was ready for business but the silver mines had been worked out. Since the Township was full of white pine, lumbering and clearing of land for

farming took over in primary importance and by 1901 a large influx of settlers had arrived in Gillies, sawmills became a thriving business as the land was cleared and the two villages of South Gillies and Hymers were established.

Each village had a general store and post office, church and school. Hymers, at one time, even had a bank and a doctor from New York City. The doctor, missing the Broadway plays started a drama group in the village.

Oliver Paipoonge

The Municipality of Oliver Paipoonge is located in an area of the Province that has a unique history of development and economy based on the natural environment. **Oliver Township** began in the late 1860 as the need to supply the growing population of the Lakehead Region with agricultural products became evident. An 1873 survey found that the Township contained good agricultural land and free land grants were given to encourage settlements. On January 1, 1879 Oliver Township was incorporated and the inaugural Council sworn in. Over time the hamlets of Baird, Intola, Kakabeka Falls, Miller, and Murillo were developed.

Murillo was established as a watering stop on the CPR mainline to Fort William. The village has served as the administrative centre for Oliver since 1891, when the original townhall was constructed. A new building replaced the old structure in 1988.

Kakabeka Falls was known by the local native people for centuries. The Portage route around the falls has been used as a means of linking Lake Superior with areas further inland. With the Kaministiquia Power Company opening up its power plant in 1907 (now owned by Hydro Power Generation), the community continued to grow into its present day village. Kakabeka is now mostly known as a major tourist attraction.

The original plan of the **Township of Paipoonge** was signed in 1860. The name Paipoonge means "winter" in Ojibway. The major physical feature is the Kaministiquia River, which creates a natural geographical division in the Township. In fact the concession lines in Paipoonge use the river as a reference point and property description.

Silver mining was the initial reason behind the development of the Township. Access to the silver mines at Rabbit and Silver Mountain needed road construction and a bridge at Stanley. Even though the hamlet of Stanley has been in existence for over 100 years, it never developed a stimulus for growth. However, Stanley has always been considered an attractive area for residential development, and a small community still exists.

Unlike Stanley, the hamlet of Rosslyn has long been a settlement node in the community. It had the first post office depot in the Township, and the first town hall was built in Rosslyn in 1904. Paipoonge has been and still is predominantly agricultural area. Today, it is the most productive agricultural area in the District of Thunder Bay producing mainly milk and potatoes. Paipoonge also has a number of large gravel deposits near the Kaministiquia River that still provides gravel for a number of local companies. The portion of the Township bounded by the City of Thunder Bay also

has provincial highway access, and has recently attracted a number of new commercial and business enterprises.

Source: NOMA (Northwestern Ontario Municipal Association) Profiles

2.1.2 Economic Growth and Trends

Unlike other smaller communities in Northwestern Ontario, the municipalities in this study have experienced healthy growth in their population base during the last ten years (Oliver Paipoonge experienced a small decline). Such growth can be attributed principally to the excellent locations and natural beauty of the area that appealed to many rural people and those working in the near urban setting of the larger city like Thunder Bay, as well as renewed interest in farming and small agricultural enterprises.

While efforts to diversify the economy in tourism and recreation areas have met with some success, further sustainable development efforts are being made in sectors such as light industry, commercial (mostly in Oliver Paipoonge with their industrial park), and development of both public and private sector services.

Gillies

With the advent of the car and modern highways, Gillies' residents began commuting to Thunder Bay for employment and goods and services. The Township has remained, however, the centre for area services such as a postal outlet, Whitefish Valley School and the Hymer's Fair. There are local businesses such as Green Acre Variety Convenience Store and Gas Station, Rose Valley Lodge and Restaurant, Dreamfields Riding Stable, Mitchell's Autobody, a Bed and Breakfast, various small agricultural farms that sell beef, lamb, eggs and bedding out plants and there is still a lumber mill. Gillies has a drama group, "Milehill Melodrama", housed by the Gillies Community Centre, which has provided entertainment to the community for many years.

It is expected that Gillies will continue to remain a small rural community with residents enjoying the advantages of living close to a large economic centre, yet being able to have their home in a country setting where they can continue to enjoy the peace, solitude and sense of community which initially drew them to this picturesque area.

Oliver Paipoonge

The economic base of the former Township of Oliver is dominated by commercial activity. Most of the commercial firms (highway and service) are located in Kakabeka Falls and Murillo. They service the local population, the tourist population in the summer and highway traffic. Most commercial developments are logically located near the largest population concentrations.

The former Township of Paipoonge is one of the few in the region containing heavy industry with the bulk of the commercial and industrial land use found in the Rosslyn hamlet. The hamlet also contains most of the commercial and business assessment and is home to the largest employers. Most

of these are concentrated along highway 11/17 or North Paipoonge, while in South Paipoonge (Slate River Valley) there are only few commercial firms (no industrial), reflecting its agricultural land use orientation.

Summary

In the Township of Gillies there has been some continuous growth in the resource-agriculture area while manufacturing has declined substantially in the last five years after experiencing some good growth from 1996 to 2001. Service industries employment on the other hand, went the opposite way showing a possible matching of trends with the larger urban areas like Thunder Bay (drop in manufacturing and construction employment) where a good number of the working population of Gillies has its employment.

Oliver Paipoonge's employment sectors trends shows a similar overall trend as Gillies, but with less volatility in manufacturing, possibly due to its larger working population and a more diversified economic base.

It is important to note that for Oliver Paipoonge the 2006 Census details breaking down Mining and Agriculture have been released and already incorporated in the www.2Ontario.com web site. The following chart shows the growth in Agriculture over the last 5 years.

Community	Major Employment Sectors	1996 Census %	2001 Census %	2006 Census %
Oliver Paipoonge	Resource-based (Incl. Agriculture)	11.1	10.0	13.0
	Composed of:			
	Mining		2.5	1.0
	Agriculture		7.5	12.0

Statistics Canada Web site - community profile for Gillies shows Mining and Agriculture as one number (no breakdown). See Table 1.0 below

Diversifying the economy and attracting new residents to the communities as tourism visitors or as new investors will require a different approach than the traditional resource industries of Northwestern Ontario. Economic development offices and business and community leaders are recognizing the importance of the manufacturing and service sector industries (including retail, recreation and tourism) in attracting new business to their community.

The significance of public and private sector services is illustrated in the following table. The growth of the service sector is significant because it reinforces the continued decline of the manufacturing and construction sector (at least in the Thunder Bay district) and traditional resource based-industries (at least in terms of employment in the region) and the need for the communities to further diversify their economy.

Table 1.0 Employment Sectors

Community	Major Employment Sectors	1996 Census %	2001 Census %	2006 Census %
Gillies	Resource-based (Incl. Agriculture)	6.0	7.5	10.3
	Manufacturing & Construction	22.0	30.0	12.1
	Service industries	72.0	62.5	77.6
Oliver Paipoonge	Resource-based (Incl. Agriculture)	11.1	10.0	13.0
	Manufacturing & construction	22.3	20.7	15.4
	Service industries	66.6	69.3	71.6
T. Bay District	Resource-based (Incl. Agriculture)		7.1	6.4
	Manufacturing & construction		18.0	14.7
	Service industries		74.9	78.9
Province of Ontario	Resource-based (Incl. Agriculture)		3.2	2.9
	Manufacturing & construction		22.0	19.8
	Service industries		74.8	77.3

Source: Statistics Canada 1996, 2001, 2006 Census

2.1.3 Demographic Trends

Population

As it can be observed in Table 2.0 below, the community of Gillies has in recent years experienced an increase in its population, while Oliver Paipoonge has experienced a small decrease, albeit not as significant as the Thunder Bay District as a whole showing some resilience in its economic base. These decreases have largely been associated with economic declines in the resource sectors, and an out-migration trend of workers and young, mobile professionals moving from rural communities in Northern Ontario to larger regional centres and urban cities in eastern Ontario and western Canada.

This trend is of significant concern to decision-makers because it reflects the long-term market potential of the region. In fact, it is no coincidence that decline in the population has also shown a corresponding decline in taxable assessment in the communities (see Appendices E and F). A more complete analysis of other factors affecting population decline will be shown later.

Table 2.0 provides the population statistics from 1996 to 2006 Census for the two communities and identifies the relative decrease.

Table 2.0 Population Changes

Community	1996 Census	2001 Census	2006 Census	% Change 1996-2001	% Change 2001-2006	% Change 1996-2006
Gillies	497	522	544	5.0%	4.2%	9.4%
Oliver Paipoonge	5,907	5,862	5,757	-.8%	-1.8%	-2.5%
Total	6,404	6,384	6,301	-.3%	-1.3%	-1.6%
T. Bay District	157,619	150,860	149,063	-4.3%	-1.2%	-5.4%
Ontario	10,753,573	11,410,046	12,160,282	6.1%	6.6%	13.1%

Source: Statistics Canada (1996, 2001, 2006 Census)

It is important to point out that the **median age** (42.6 years) of the population in Gillies and Oliver Paipoonge is higher (older) than that in the Thunder Bay District (41.7) and the province of Ontario (39.0 years). This higher median age is not reflected in the **65 plus population** that as a percentage of the total population (at 11.9 percent) is also lower than that of the Thunder Bay District at 15.17 percent, and the province of Ontario at 13.6 percent indicating that there is a higher concentration of population in the 40+ in Gillies and Oliver Paipoonge than in the 65+ range.

Table 3.0 Median Age of Population

Community	2001 Census	2006 Census
Gillies	40.3	43.4
Oliver Paipoonge	37.9	41.7
Total Average	39.1	42.6
T. Bay District	38.7	41.7
Ontario	37.2	39.0

Source: Statistics Canada

Table 4.0 Percentage of Population 65 and over in 2006

Community	# of people 65 years & over	Total Population	% of total
Gillies	75	544	13.8%
Oliver Paipoonge	675	5,757	11.7%

Total Average	750	6,301	11.9%
T. Bay District	22,615	149,060	15.2%
Ontario	1,649,180	12,160,285	13.6%

Source: Statistics Canada (2006 Census)

Implications for Gillies and Oliver Paipoonge

The implications of a relatively younger population (65+ see table 4.0) is that the demand for health care services (while still present) will be relatively less acute that in areas such as in the Thunder Bay District where the percentage of adults age 65 and over is already 1.6 percentage points above the provincial average, as compared to Oliver Paipoonge where it is 2 percentage points below (Gillies matches the provincial average but it is lower than the district). A larger percentage of younger population also provides a pool of available future workers. The challenge will be to make sure that they are properly educated and trained for the jobs of the future.

However, there are large variations amongst the two communities that need to be taken into account. For example, Gillies is higher than Oliver Paipoonge in both median age and over 65 indicating that its smaller number of population has a higher concentration of older people.

Oliver Paipoonge has a median age that matches the district but it is still higher than the province, but much lower than both in the 65+ range. The implications for the communities will be different, and so should be the approach to deal with such implications.

Education - Over reliance on good paying jobs in the resource-based economy of the North, have produced a workforce that has a higher level of high school, skilled trades, certificates or diplomas than the province, but whose level of higher education is much lower than the provincial averages (the District of Thunder Bay to a lesser degree due to a more diversified economy of the City of Thunder Bay). There are also small variations amongst the two communities of Gillies and Oliver Paipoonge that need to be taken into account when determining the implications and identifying strategies for economic diversification.

For example Gillies has a lower percentage of people than both Oliver Paipoonge and the Thunder Bay District who have completed university, and a much lower percentage than the province. Oliver Paipoonge is closer to the district average but still short of the provincial average. This is reflective of the historical evolution of the resource-based (mining and forestry) and manufacturing (pulp and paper) employment sectors in the district and these communities that provide some of its labour, and the need for higher education as the region transitions towards a knowledge-based industry.

It is obvious that the need for higher education and training while important in all communities, it is more pronounced in Gillies but still required in Oliver Paipoonge. A strategy would be to attract back those young educated professionals who leave to get their education elsewhere and may not return. A data base of interested individuals could be a starting point.

Table 5.0 Percentage of the population over 15 with varying levels of education

Community	No certificate, diploma or degree	Apprenticeship, trade certificate or diploma *	High school, trade, or non-university certificate	Completed University
Gillies	26.7	13.3	63.3	10.0
Oliver Paipoonge	24.9	11.7	62.9	12.2
Average **	25.8%	12.5%	63.1%	11.1%
T. Bay District	26.6	11.4	59.4	13.9
Ontario	22.2%	8.0%	57.3%	20.5%

Source: Statistics Canada (2006 Census)

* Note: also included in High School, Trade, or Non-University Certificate

**Note: in Oliver Paipoonge only 9% of those employed worked in the municipality of residence with 67% working in a different municipality and 1% in a different province (Gillies N/A)

Implications for Gillies and Oliver Paipoonge

Higher levels of education and training provide municipalities with a competitive advantage when trying to attract investment. It also makes it easier for workers to find and maintain better paying jobs.

Recent efforts by the Province through its Grow North plan, and funding announcements in the provincial budget (March 27, 2008) related to skills development for displaced workers, signals the beginning of a commitment to Northwestern Ontario and a regional approach that bodes well for the future.

Income and work – Thunder Bay District municipalities have been less and less reliant on resource-based industries like pulp and paper and mining that pay high wages. The drop in manufacturing and an increase in service jobs are reflected in lower earnings than the province. Oliver Paipoonge, however, is matching the district earnings indicating that its work force is more distributed across the district and better diversified than Gillies.

Table 6.0 Income Characteristics

Community	Average Earnings* per year 2001	Average Earnings per year 2006

Gillies	27,763	N/A
Oliver Paipoonge	32,390	N/A
Average	30,076	N/A

T. Bay District	32,010	N/A
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Ontario	35,185	N/A
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Source: Statistics Canada (2001, 2006 Census)

***Note: Average Earnings (all persons with earnings)**

It is important to note, that the average earnings are for all persons with earnings in a year, regardless if they were full time or part time.

2.1.4 Political Spectrum and Dynamics

The municipalities of Gillies and Oliver Paipoonge operate within the context of the political changes and dynamics that have and continue to affect this province and especially Northwestern Ontario. Downloading of services from the province without corresponding compensation (revenue neutral concept) have and continue to put pressure on budgets and municipalities' ability to deliver services while maintaining taxes low. The onus then is on Councils and administrations to find ways to grow the revenue stream and maintain services.

Given the relative small size of their communities, the two municipalities have been able to position themselves well amongst larger players in the region. This has been done through the efforts of progressive Councils and supported by an effective and hard working administrative staff without the benefit of the resources that full-time economic development personnel would offer.

2.1.5 Economic & Business Cycles

The economies of Gillies and Oliver Paipoonge, while somewhat diversified because of their historical growth in different sectors of the economy (more so in Oliver Paipoonge), are closely tied to the economy of the surrounding region. Usually smaller communities (those closer to Thunder Bay) would benefit from the spin-off effect of the larger community.

Unfortunately, this has not been the case. In fact Thunder Bay, while experiencing some growth in the institutional and commercial sector (new Hospital, Medical School, Biotechnology sector, Charity Casino, retail expansion in the Intercity area, new call centres, et.) has experienced an overall decline in its economy during the 1996-2001 period. The 2001-2006 period was somewhat better even though the forestry sector was down substantially. In fact, overall growth in taxable assessment during the 10 year period of 1996-2006 averaged only .5% per year. (2008 City of Thunder Bay Budget)

Economic and business cycles are not limited to a city or region but operate within a local and global context. To a large extent, the economy of Northern Ontario will also influence that of the Thunder Bay district. The economy of Northern Ontario has historically been closely tied to growth in the natural resource industry. This industry is also export driven and subject to cyclical variations in international prices and demand for its products. Level of employment are closely tied to such fluctuations (i.e. recent layoffs in the lumber and Pulp and Paper industry due to oversupply of product in the market and declining demand).

While some changes (i.e. demographic) are global in nature and are the driving force for much of what is happening, others are **unique to the north** and are:

- Low levels of growth due to structural deficiencies (roads, water and sewer infrastructure, climate, distances, etc.) and lower economies of scale due to low population density
- Intense investment in capital equipment in the resource-based industries resulting in significant reductions in labour. This displacement is permanent not cyclical.
- The stabilizing force of significant growth in government's services, in education and health care in the north while improving in recent years may be eroding due to continuous restructuring and cutbacks.
- Heavy reliance in the north on provincial transfer payments, both to individuals and to municipalities would hurt the north more than the rest of the province when there are cut backs.

Small Business Growth

Like in so many other parts of the country, small business is now providing the largest employment gains and quickly becoming the backbone of our economy. Unfortunately, most of the growth in small business ownership in the region has occurred as a result of downsizing and restructuring at all levels of government and in the larger resource-based industries, which has in many instances forced people to start their own business. Nevertheless, this sector has the potential to transform many regional communities by creating many needed jobs and helping develop a more reliant and diversified economy.

A recent study on the state of small and medium sized enterprises in Northern Ontario (commissioned by FedNor) was released on November 2007 and shows that:

- There were 26,318 businesses in Northern Ontario in 2006. This is comparable to numbers of businesses in New Brunswick and Nova Scotia individually and Newfoundland/Labrador and PEI combined. Northeastern Ontario had 18,787 businesses while there were 7,531 in the Northwest.
- Between 2001 and 2006, Northern Ontario experienced a 3.9% decline in the number of businesses. Northwestern Ontario declined by 6.3% while there was a 3.0% decline in the Northeast.
- The proportions of small (less than 100 employees), medium (100-499 employees) and large establishments (500 plus employees) in Northern Ontario are similar to the national and provincial distributions at 97.7%, 2.0% and 0.3% respectively.

- The proportion of Northern Ontario establishments in the goods (22%) and services (78%) producing sectors is similar to other regions of Canada.
- Northern Ontario, in comparison to Canada, has relatively more large establishments in the mining and health care and social assistance sectors. In the utilities and public administration sectors, Northern Ontario has relatively more small establishments.
- Sudbury has 4,274 employer-based businesses while Thunder Bay has 3,770, Sault Ste. Marie has 2,038, North Bay has 1,889 and Timmins has 1,285.
- In terms of the number and the proportion of establishments in the high-knowledge sector, Northern Ontario counts 997 businesses (3.6%) in this sector and is similar to Nova Scotia and New Brunswick. Sudbury (198) and Thunder Bay (178) lag most other Census Metropolitan Areas (CMAs)¹ in the country in terms of absolute numbers of high-knowledge establishments as well as proportion (4.6% each).
- Bankruptcy rates are generally higher in Northern Ontario than Southern Ontario, suggesting that businesses in the north do not adapt as well to economic and business pressures. Sault Ste. Marie had the lowest rate of bankruptcy in 2005 at 2.2 businesses per thousand while Sudbury had 3.4. The rate for Ontario was 3.3 per thousand businesses. Other Northern Ontario centres were more than double the Ontario rate.
- In terms of revenue generated, Northern Ontario has 102 businesses with revenues exceeding \$50 million. Sudbury (25) and Thunder Bay (26) account for half of these while Sault Ste. Marie has 19, North Bay 16 and Timmins 14. The proportions of businesses by revenue range in Northern Ontario Census Agglomeration Areas (CAs)² and CMAs is mostly similar to other CAs and CMAs in Ontario and Canada.

¹

A Census Metropolitan Area (CMA) is a municipality with an urban core population of at least 100,000

²

A Census Agglomeration Area (CA) is a municipality with an urban core population of at least 10,000

3 OVERVIEW / REVIEW

Goal: to identify and collect all relevant information needed for the completion of community profiles. Analysis to include internal and external factors including those identified in phase I plus the following:

- * **Economic trends** in tourism, technology and environment area
- * Social, demographic, lifestyle and cultural trends
- * Identify social and economic needs and training and/or support services required by the **small business community**
- * Community trends
- * **Competitive analysis** focusing on other communities in Northwestern Ontario, including Thunder Bay.

Approach:

Conducted fieldwork in the area in order to understand the communities' strengths and weaknesses,

critical issues, and underlying cause(s) and possible future impact on the community. Fieldwork consisted of:

1. Telephone interviews and survey to gain relevant information from each community
2. Gathering and compiling information in a common data base
3. Development of **Community Profiles** that will provide a statistical overview of the communities and values in economic development. The statistical overview will include the following:
 - ❑ Physical description of the communities, including climate
 - ❑ Number of home ownership
 - ❑ Age and gender statistics, including population trends
 - ❑ Income characteristics
 - ❑ Employment statistics including the development of a skills inventory and training needs analysis
 - ❑ Education standards and needs
 - ❑ Entrepreneurial capacity of community members
 - ❑ Market information (i.e. annual visitors; distance from major centres etc.)
 - ❑ Transportation and communication statistics, including telecommunications and media
 - ❑ Utilities rates and availability
 - ❑ Pricing and availability of commercial and industrial land
 - ❑ Tax assessment and levy
 - ❑ Tourism and recreational services, including accommodations
 - ❑ Cultural facilities and activities
 - ❑ Social services

3.1 Critical Issues

Critical issues play a significant role in determining the success or lack thereof in community economic development. Besides the critical areas that a potential investor would look at (taxes, labour, land and site locations, cost of energy, incentives, etc.) the municipalities of Gillies and Oliver Paipoonge share other critical factors (from an investment readiness perspective), like a common identity, geographical dispersion, and the need for an integrated economic and political vision.

3.1.1 Common identity

A common identity from a marketing perspective is identified here as a critical issue for a number of reasons. The principal one being that it takes time to fully integrate the diverse needs of communities that until recently were competing with each other in the economic development arena or that are at different levels of investment readiness. They have also evolved and shaped their own uniqueness as a community. While the process of integration occurs (for example amongst the various enclaves in Oliver Paipoonge , or with Gillies' economic development efforts) it tends to focus energies and resources more on internal issues, than on the need to market and promote the area as a whole. This report takes all such factors into account and will simplify the marketing process in order to maximize resources as much as possible. This will have a positive carry-over into all sectors.

3.1.2 Geographical Dispersion

While geographical dispersion per se is an issue in terms of the Municipalities' ability to provide services at a reasonable cost in the absence of economies of scale, the more pressing issue and one that may take some time to resolve, is the diverse needs and priorities of the various communities. In fact, when faced with issues specific to their particular needs, the residents of a community may have difficulty relating to issues in other areas. At times, it is not uncommon to hear complaints based on the perception that resources are being allocated disproportionately to one area versus another by funding agencies. The experience of the Consulting team indicates that this is not an insurmountable obstacle. In fact, a properly developed and implemented strategy of a unified vision will go a long way in addressing this issue.

3.1.3 Political & Economic Integrated Vision

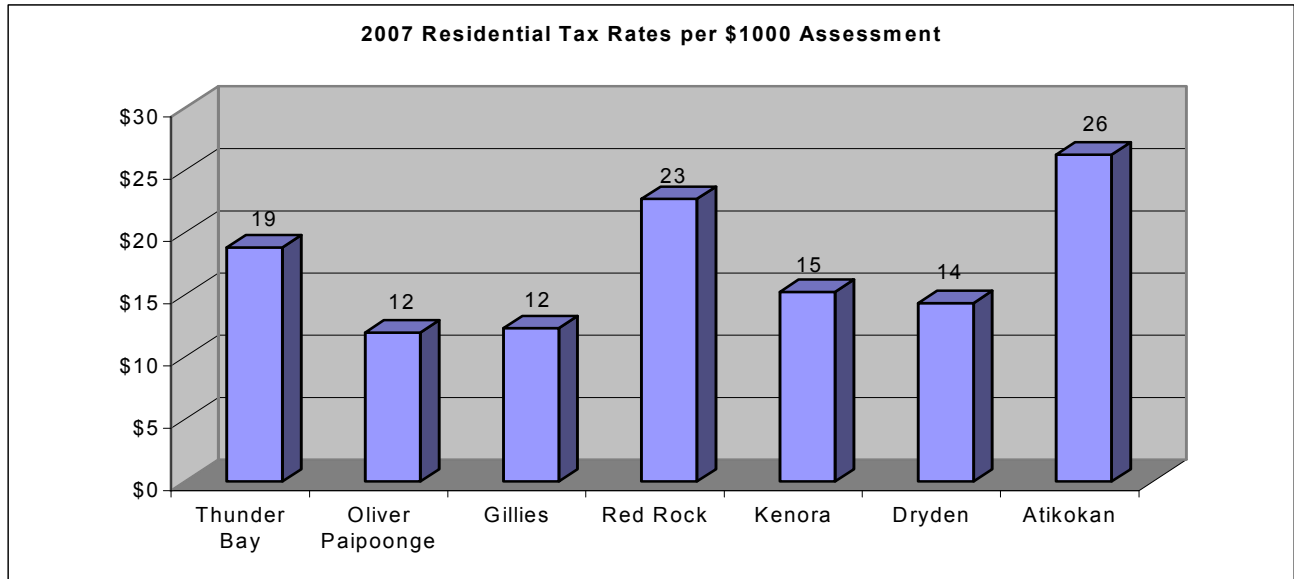
Over the years, smaller rural municipalities had to deal with unique problems and issues. A critical issue in economic development is the absence or lack of an integrated approach between the political decision making and the economic development processes. The need for such closer collaboration was always there, but it has been accentuated in recent years as a result of the restructuring and downloading of services at all levels of government which has placed a greater burden on already limited resources, especially in northern communities.

Resolving the issue of availability of resources will be a key factor in the creation and implementation of a political and economic integrated vision. For example the concept of one-stop shop for economic development lends itself better to smaller communities such as those in Gillies and Oliver Paipoonge, and given their limited resources, something that should be looked at seriously.

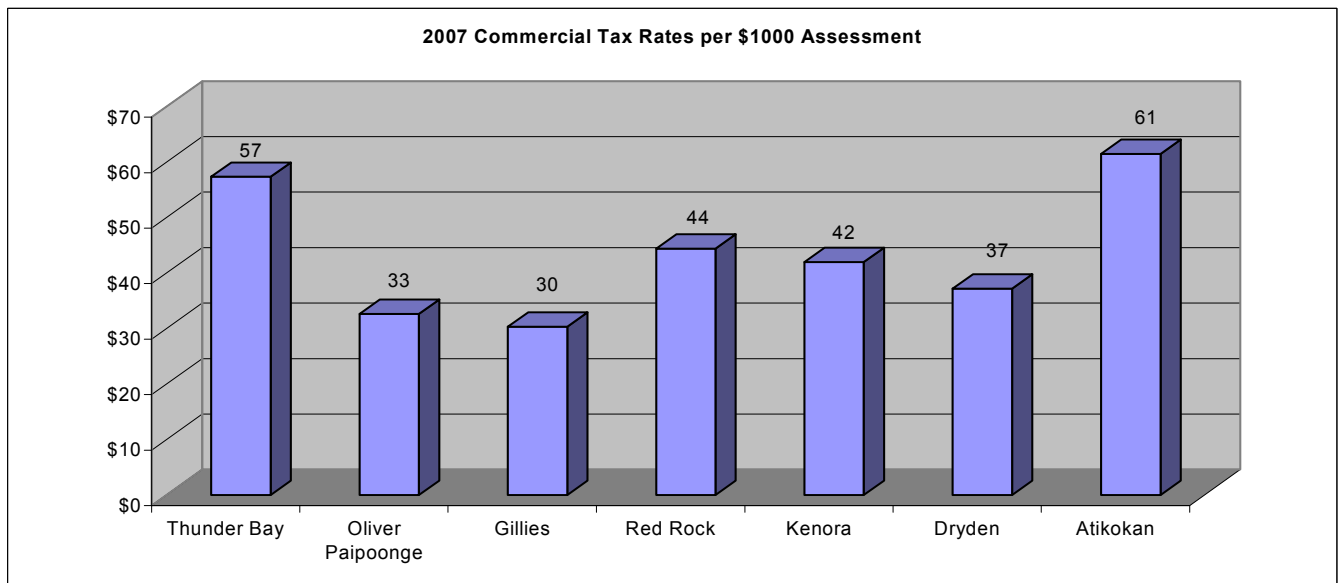
3.1.4 Taxes

While property taxes are only one of many factors that will influence a decision to invest in a specific location or community, they are important because they represent a fixed cost over which the investor will have little or no control over. From a marketing perspective, it is important to know and understand how Gillies and Oliver Paipoonge communities compare vis-à-vis other communities in the region.

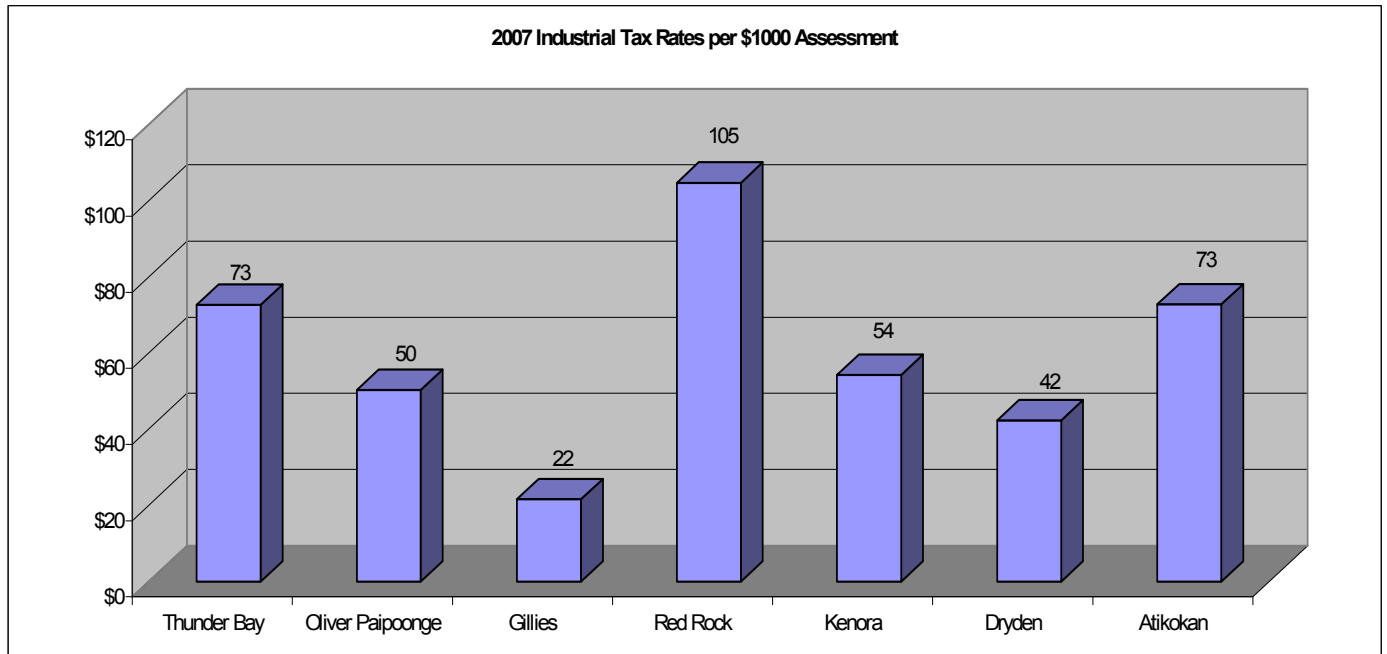
The following comparative analysis will focus on the individual communities for 2007 residential, commercial and industrial tax rates.



Given the unique characteristics and tax structure of each community such comparison is only meant to provide an opportunity for further analysis and development of appropriate strategies to maximize strengths and minimize weaknesses. It is interesting to note however, that the municipalities of Red Rock and Atikokan have higher residential and commercial rates that the other communities as a result of substantial declines in the industrial and commercial tax base requiring a shift to the residential tax payers to pick up the difference as well as an increase in the tax rates.



Commercial tax rates for Gillies and Oliver Paipoonge are lower than any other municipalities shown above, giving them a competitive advantage when trying to attract commercial-type investment.



Industrial tax rates vary greatly, with Oliver Paipoonge and Gillies considered to be competitive vis-à-vis other communities in the region, especially Thunder Bay. This situation applies more to Oliver Paipoonge with its Rubin industrial park, and would require better positioning and marketing in order to attract industrial companies on the basis of tax rates alone. Gillies does not have any industrial land designated for development and therefore would not be able to take advantage of its lower industrial tax rate, at least in the short term.

3.1.5 Labour Availability and Costs

Labour availability and costs are some of the most important factors for companies wishing to relocate or invest in a specific location. In fact **wages can represent over 50 percent of total annual operating costs for a typical manufacturing operation.**

Due to its relative high unemployment vis-à-vis southern Ontario, Western Ontario or the U.S. Midwest, labour availability and rates in the Thunder Bay District and Northwestern Ontario region, are attractive and fairly competitive.

While it was difficult to get wages rates specifically for the area, average wage rates for persons in manufacturing occupation (production and/or clerical) living and working in the region are presented below as follows:

Hourly Wage Rates

Occupation	Average
-------------------	----------------

Administrative Assistant	\$13.40
Customer Service Rep.	\$16.71
Computer programmer	\$21.00
Data Entry Operator	\$14.00
Production Gen. Labour	\$16.00
Machinist – General	\$24.00
Shipper/Receiver	\$17.00

Source: Ontario Investment and Trade Centre - Ontario Wage Cost Review, 2005

Fringe benefits can represent over 25 percent of total annual operating costs for a typical manufacturing project. Fringe benefits packages should be considered a strength for most Canadian jurisdictions especially versus U.S. cities since the Canadian medical system provides for basic health insurance. Most employers in both Canada and the U.S. provide life, dental and disability coverage. The benefit savings vis-à-vis the U.S. is a minimum of 10 percent. Worker's compensation costs are normally the same as in the U.S. depending upon the risks associated with injury on the job. This would then be rated neutral when comparing to U.S. costs.

- Workers compensation costs: The 2007 average premium rate is Cdn\$2.26 for every Cdn. \$100 of insurable earnings - *Source: workplace Safety and Insurance board (3/2007)*
- Employment Insurance (EI) costs: premium of 1.73% of payroll on a maximum salary up to \$41,100 (employee maximum annual contribution is \$711). Employer contributes amount equal to 1.4 times (2.42%) employee contribution (maximum annual employer contribution \$995 Canadian) *Source: www.payworks.ca*
- Canada Pension Plan (CPP): employees and employers each contribute 4.95% of wages (maximum annual employer contribution - \$2,049 Canadian) *Source: www.payworks.ca*
- Employer Health Tax: employer contributes an average of 1.95% of payroll on amounts over \$400,000 - *Source: Employer's Health Tax Office, Ministry of Finance (3/2007)*

The length of a standard workweek is 5 days or 40 hours.

There are nine (9) statutory holidays in Ontario. An employee is to be paid holiday pay no matter how long they have worked for the employer as long as they work their regular shift before and after the holiday, or have reasonable cause not to have worked. If an employee works on a statutory holiday, they are paid holiday pay, plus the premium, or alternatively if they work on the holiday, they can be paid regular pay for hours worked and take another day off with holiday pay.

The standard practice and policy for vacation and other paid time off is 4% of annual wage (equal to 2 weeks annual vacation).

Based on the foregoing information, mandatory employment related costs (i.e. Employment Insurance, Canada Pension Plan, Workplace Safety and Insurance, Employer Health Tax, Vacation, Paid Public Holidays) typically runs around 19.4%

- Approximately 48% of the workforce in the Thunder Bay District (39% in Gillies and 50.5% in Oliver Paipoonge) has university/college/trade certificate comparable to the provincial average of 50.1%
- Minimum wage in Ontario is \$8.00 per hour and set to rise to \$8.75 on March 31, 2008 (Canadian)
- Language: Although English is the primary language for most of Thunder Bay District's residents, the communities's multi-cultural population offers the ability to access a diverse linguistic base to offer unique client services.

3.1.6 Land and Site Location

Ammortized building costs will only represent approximately 5 percent of total annual operating costs for a typical manufacturing operation, but the availability of building and sites properly zoned and serviced, are very important marketing elements when trying to attract investment. The following is an overview of land, site locations, industrial parks, etc. in the various communities of Gillies, Oliver Paipoonge and Thunder Bay.

Industrial Parks and Commercial Property

Gillies

Not available.

Oliver Paipoonge

Description of land available in the Ruben Industrial Park in the community profile situated on the www.2Ontario.com is dated and needs updating. The availability of private land for commercial and industrial use has not been identified. There are no direct links to realtors in the area except through the Oliver Paipoonge Business Improvement Association.

Thunder Bay

Thunder Bay web site has a full range of option and links to the real estate market in regard to land and building availability. Specific site and land availability in Thunder Bay can be found on www.thunderbay.ca

Conclusion

While there seems to be some industrial and commercial land available in Oliver Paipoonge, the process is not formalized and coordinated at the regional level. A formal list of land and building sites for potential investors to look at is not readily available. It would also appear through telephone conversations and discussion with realtors that real estate people are not involved or aware of any formal approach or plan to develop such sites, except in the larger municipalities like Thunder Bay.

3.1.7 Cost of Energy

Electric power will only represent between 5 and 10 percent of the typical annual operating costs of a manufacturing project, but it would be much higher for mining or sawmill operations. Utility costs in the region are generally not viewed as competitive, and the market de-regulation has created some uncertainty as to the direction of the rates. There are wide ranging views, but interviews with the General Manager of Thunder Bay Hydro and other energy consultants in the region, would seem to indicate a continuing increase in utilities rates vis-à-vis other jurisdictions like Manitoba, British Columbia, or Quebec Hydro where the utilities are public owned.

The market deregulation of few years ago had prompted a lot of investor's interests and led to announcements by American companies about their purchase of sites and plans for future power plants in the area. Such large investments had created the prospect of future increases in the supply of electricity power in the region, and have also prompted a lot of interest for spin-off effects in the mining industry, and large users of electricity.

Recent announcements by the provincial government to shut down the Atikokan coal generating plants by 2014 has created further uncertainty in the region, and may change the market opportunities for potential investors in new development that rely on hydro power. However, tax incentives for the generation of green power have also stimulated renewed interest in the Northwestern Ontario region for wind, biomass, and solar generated power but it is not viewed to be sufficient to offset the loss of the power produced by coal. A \$25 million allocation from the province for the new Thunder Bay-based bio-economy research centre focused on forestry was announced by Northern Development and Mines Minister Michael Gravel on March 26, 2008 but it is geared more towards research.

It is the opinion of the consultant that while there is a potential for substantial opportunities for economic development, especially in mining operations that rely on electrical power, the new sources of green power (i.e. wind and solar power) being added to the grid may not be sufficient to provide a **reliable power supply and it is considered a risk for the region. Nevertheless, higher gold and other commodity prices, and increased levels of mining exploration, can be the right combination for hundreds of new jobs in the area, and should be fully explored.**

3.1.8 Incentives

Incentives do not seem to be a top factor in site location and most often not even in the top ten. In fact a Site Selection Magazine (is there a link to this e.g. website, etc.?) survey of top U.S. and Canadian real estate executives nation-wide revealed:

- 80 percent said their firms use incentives only as a tiebreaker, if all other competing sites are equal in terms of meeting business needs.
- Only 3 percent said incentives could sway location decisions.

This finding was further confirmed by a KPMG 1999 study comparing business costs in major North

American cities. In most cities, for manufacturing operations, the impact of negotiated incentives is less than one percent of total operating costs over a ten-year time horizon. Only in New York and Columbus does the impact of negotiated incentives equals or exceed one percent. The situation for the services sector is similar.

However, this does not mean that incentives do not play a role. In fact, Northwestern Ontario communities would still be at a disadvantage in trying to attract U.S. companies since most U.S. cities (even small communities) offer some incentives. **Incentives seem to be critical to the medium-size firm that needs loans or grants on the front end to defray negative cash flow in the first few years of operation.**

In Ontario, the provincial government has consistently rejected requests for incentives aimed at helping Northern communities, on the premise that they do not contribute to the long-term economic sustainability of the province. That is, it will attract companies willing to locate in a specific location to take advantage of incentives and then relocate once those incentives have been used up. Attempts by the province in the past indicated a new approach to helping Northern communities by allowing tax-free bonds to raise funds for overdue infrastructure renewal.

This policy change in regards to business incentives may have been the result of a new awareness of the unique economic challenges facing Northern Ontario and the need for a made in the North solution to economic development.

Another notable development in this area has been the presentation in April 2002 to the Government of Ontario's Smart Growth panel by The Thunder Bay Chamber of Commerce and Northwestern Ontario Associated Chambers of Commerce (NOACC), in partnership with Development Thunder Bay and Northwestern Ontario Development Network. The presentation called "SEVEN STRATEGIES FOR ECONOMIC DEVELOPMENT" included a number of new incentives for attracting investment. The group was very pleased with the positive response they received from the Ontario Government.

The Seven Strategies for Economic Development were as follows:

- Release of Crown Land for Cottage Lots
- Grow Bonds Northwest
- Free Trade Zones
- Provincial Fuel Tax Reinvestment in Municipalities
- Resource Revenue Retention Fund
- Corporate Relocation and Expansion Incentives
- Redevelopment through Reclaimed Land

Specifically, two of these strategies were received with great interest at Queen's Park – Grow Bonds Northwest and Corporate Relocation and Expansion Incentives. As indicated above, the Grow Bonds Northwest was implemented in the budget with limited results, but the corporate relocation incentives were not.

Source: Thunder Bay Chamber of Commerce Web site.

GROW BONDS NORTHWEST

Grow Bonds Northwest offers area residents the opportunity to invest their money and put it to work right here in Northwestern Ontario. It presents an effective vehicle to mobilize local resources to help local medium sized businesses. At the same time, it gives Northwestern Ontario control over the future direction of its economic development.

How it works

Only Northwestern Ontario residents and corporations are eligible to purchase bonds in Grow Bonds Northwest. Each bond has a value of \$100.00. Individual investments are limited to \$50,000 or 10% of an issue, whichever is less, available in 5-year terms. The Province of Ontario guarantees the principle.

Activities are managed through a Northwestern Ontario Grow Bond Corporation. The Corporation markets the issues, makes project investments in new or expanding local businesses and keeps investors informed of investment activities. Bondholders have voting rights in the Bond Corporation. The Program is designed to provide a package of incentives to encourage significant new corporate investment in Northwestern Ontario that will help diversify the economy and stimulate new private sector job creation.

Success to date

According to Sharon Tansley, general manager of the Northern Ontario Grow Bonds Corporation, a significant number of jobs have been created as a result of the pilot program. Under the umbrella of the Northern Prosperity Plan, the program is approaching its third year. To date, nine businesses have collectively received about \$6 million worth of loans, producing 493 full-time permanent and sustained jobs. *Source: Northern Ontario Business – March 2008*

CORPORATE RELOCATION AND EXPANSION INCENTIVES (not approved)

Eligibility

This program applies to enterprises in Northwestern Ontario only.

- New corporations
- Existing corporations interested in expansion and/or diversification
- Clusters of similar businesses making application under one umbrella group

Criteria

- The corporation will create and maintain 10 new permanent jobs in Northwestern Ontario
- The corporation is prepared to invest a minimum of \$300,000, or generate incremental annual sales of \$500,000

- The corporation could not expand or diversify without the program incentives
- The incentives will NOT give the corporation a direct competitive advantage over existing companies operating in Northwestern Ontario
- The new or expanded corporation will provide a substantial net economic benefit to Northwestern Ontario

Incentives

Corporations approved for the program will be entitled to the following incentives and benefits:

- A 100% rebate on provincial corporate income tax for a period of 5 years
- A 50% rebate on federal corporate income tax for a period of 5 years
- A further five year period of partial rebates on provincial and federal corporate income tax, declining by 20% in each year of this phase-out period
- A 100% rebate on municipal property and/or municipal business taxes for a five year period, followed by a five year phase out of such rebates, where municipalities elect to participate in the program

Facilitator

The Province of Ontario can accelerate the inception of this program with the appointment of a facilitator to assist eligible corporations with acquiring Provincial permits, licenses, and other government regulatory requirements to process an approved business plan.

More information on the SEVEN STRATEGIES FOR ECONOMIC DEVELOPMENT is available by calling the Thunder Bay Chamber of Commerce at (807) 624-2626.

BUSINESS IMPROVEMENT AREAS

Until now, the only way a community could provide some forms of incentives was to designate an area (i.e. downtown core) a community improvement area. This would allow the community to provide some forms of help to all those businesses in the area that would meet a certain criteria. Both Thunder Bay and Longlac have already used this form of incentives to revitalize their Central Business District by providing a redevelopment grant program where eligible property owners can receive a grant equal to 100% of any increase in municipal taxes that result from the re-assessment of improved properties. In Thunder Bay other programs are also available. Full details and criteria for the program are available on the Longlac Town's web site under Community Improvement Plan, and in the City of Thunder Bay's web site at www.thunderbay.ca.

FUNDING FOR DIVERSIFICATION OF ECONOMIES IN THE NORTH

One-industry towns in Northern Ontario are eligible for financial help to diversify their economies. A new provincial fund, the Economic Diversification Assistance Program invests in projects that bring about new economic activity. The program is administered by the Northern Ontario Heritage Fund. Communities eligible include those with 30 percent or more of their work force employed in one economic sector, has at least 10 percent of its workforce in a given industry, or has experienced hardship due to a major economic disruption over the last five years. Projects are funded up to \$5 million maximum for any one project.

OTHER FINANCIAL INCENTIVE PROGRAMS WIDELY USED AND AVAILABLE IN ONTARIO ARE AS FOLLOWS:

Financial Incentive Programs (\$Canadian)

Targeted Wage Subsidy Program: Targeted Wage Subsidy provides employers with a subsidy for wages and other costs to hire selected clients. Contributions are usually negotiated (average of \$5-6,000 per worker) and may include any of the following:

- Up to 60% of the wages of participants;
- Up to eight dollars (\$8) per participant training hour for on-the-job training;
- Up to twenty dollars (\$20) per participant training hour for off-the-job training;
- Special costs for persons with disabilities up to a maximum of \$10,000;
- The actual cost of leasing or purchase of equipment up to a maximum of \$10,000.

One-On-One Internship Program (YES – Youth Employment Services, HRDC):

Participant

- 29 years old and under
- Legally eligible to work in Canada
- Unemployed, ineligible for Employment Insurance
- Out of school for 6 months

Employer

- In business for 6 months (negotiable)
- Have a current WSIB (Workplace Safety & Insurance Board) account, 3rd party liability Insurance
- 30 hours per week of work (minimum)
- Not involved in work sharing or layoffs, willingness to provide employment after completion of the program

Funding

Based on Individual requirements, but the range includes:

- Minimums: 50% of wage is covered, to a maximum of \$7.50 per hour
- Maximum: 85% of wage is covered (for an employee with a disability)
- Total Maximums include \$10,000 in wages + \$5,000 in training dollars

Duration: 6 months

Limitations: 1 employee on this program per 20 employees, with a maximum of 2 on program per site.

Summer Job Service (Youth Employment Services - Ministry of Education and Training)

Participant

- 15-24 years, up to 29 if disabled
- Returning to school in the fall
- Resident of Ontario, eligible to work in Canada

Employer

- Provide at least minimum wage
- Comply with all labour and employment regulations, including a valid WSIB account and carry 3rd party liability for the employee

Funding: \$2.00 per hour

Duration: Up to 16 weeks, from April to September

Limitations

- Funding available on a first come first serve basis, applications are accepted beginning April 1
- Participant must not have been hired prior to receiving approval for Summer Jobs Service

Job Connect (Youth Employment Services - Ministry of Education and Training)

Participant

- 16-24 years old
- Out of school / work
- Not collecting or ineligible for Employment Insurance or WSIB

Employer

- Hire, supervise, and train the participant in Ontario
- Have valid WSIB and 3rd party liability coverage

Funding

- First 2 weeks 6.85\$ per hour is subsidized
- Next 14 weeks \$4.00 per hour is subsidized

Duration: 16 weeks

Limitations: trainees must be paid minimum wage or at a similar/competitive rate of pay for duties.

On-Site (Human Resource Development Canada)

Participant

- Have a degree in science, engineering, environmental studies or business
- Be collecting or be eligible for Employment Insurance

Employer

- No restrictions

Funding

- Wages are paid by HRDC; participant receives Employment Insurance benefits while working plus and increase

Duration: 6 months

Limitations: Employer is charged \$2,600 per placement to cover administrative costs

Youth Service Canada (Human Resource Development Canada)

Participant

- Be 15-30 years old
- Unemployed and out of school
- Legally entitled to work in Canada

Employer

- No conditions

Funding

- \$10,000 – \$15,000 per participant, which includes wages for administrative staff, income support for participants, overhead costs, special costs for the disabled, costs of audit.

Duration: Maximum 52 weeks

Graduate Transitions Tax Credit (Ministry of Finance)

Participant

- Graduated within the past 3 years from a recognized program of study
- Unemployed for at least 16 weeks of the last 32 weeks immediately preceding the first day of employment
- Not been employed for more than 15 hours per week during 16 of the 32 weeks immediately preceding the first day of employment
- Not be related to the employed at the time of employment

Employer

- Permanent establishment in Ontario
- Subject to Ontario income tax
- Incur all eligible expenditures for a qualifying post secondary graduate

Funding

- If salaries for all employees is equal to or greater than \$600,000, the tax credit is 10% of eligible

- expenditures paid to each qualifying participant
- If salaries for all employees is not greater than \$400,00, the tax credit is 15% of eligible expenditures paid to each qualifying participant
- If salaries for all employees are \$400,000 – 600,000, the credit is determined by a formula established by the Ministry of Finance.

Limitations: employer is responsible for maintaining and verifying participants' eligibility

Other programs:

Youth Internship Program (Fed Nor)

Job Creation Partnerships - (Human Resources Development Canada)

The Rosehart Report and new incentive programs recommended

The long awaited Rosehart report on the economy of Northwestern Ontario was released to the public on March 20, 2008. It clearly indicated the need for targeted incentives given the recent impact on the economy by the significant loss of jobs in forestry, transportation and related support services. It specifically states that: *“Practically speaking, it is very difficult to attract outside business interests to the City of Thunder Bay without significant incentives because of the competitive attractiveness of other jurisdictions.”* While a range of specific recommendations were made in economic sectors, the City of Thunder Bay was targeted as the capital of the region and therefore in a better position to be able to attract the type of investments that would benefit from such incentives. The specific recommendation in the Rosehart report is as follows:

Recommendation 14.2.1 (Thunder Bay Incentive Mechanism)

It is recommended that the City of Thunder Bay Economic Development Corporation work with a senior provincial contact to design a custom series of incentives for each economic development opportunity, rather than a specific package of industrial and business incentives. These might include financial support for training, site preparation, various financial vehicles, and in some cases even government assuming an equity position in new enterprises.

3.2 Competitive Analysis

The following sections will analyse the competitive position of Gillies and Oliver Paipoonge vis-à-vis both Thunder Bay and region. It will also offer insight on possible approaches to leveraging resources and maximizing results not only in economic development but also in achieving a role of prominence and relevancy in the region in line with the vision statement of being a dynamic area in the region.

3.2.1 Thunder Bay

The recent release of the Rosehart report provides an updated snap shot of the economic situation of this region and it is worthy to note that Thunder Bay's role as the regional centre was greatly reinforced throughout the report. The role that Thunder Bay plays in the regional economy is not something new and goes back to previous reports and analyses.

A quote from Lakehead University economist Livio di Matteo in the April 2001 Chronicle Journal special insert " *Northwest 2001 - Northwestern Ontario Progress Edition*" best describes Thunder Bay's role in the region. It says:

"It is the conventional wisdom here in Northwestern Ontario to assert that Thunder Bay is a regional hub and service centre. What this means in economic terms is that Thunder Bay represents a significant concentration of the region's economic activity and that much of that activity consists of providing services for the region"

It goes on to say:

"However, what may surprise some observers is how much of Northwestern Ontario's economic activity lies outside of Thunder Bay and the mutually supportive economic links that have evolved. Indeed, the relative specialization of Thunder Bay in service activities and the region in goods-producing activities provides gains to Northwestern Ontario as a whole".

What this means is that to a large extent both Thunder Bay and region are dependent on each other for their future economic well-being. While each has its own role to play, all benefit by having a clear understanding of their strengths and weaknesses and how best they can work together to take advantage of opportunities while minimizing risks. For example, an integrated approach to develop Internet access to the region (i.e. 807 Northwest, Superior wireless, and subsequently by TBayTel) will benefit both the users and the providers of the technology. Ultimately the region as a whole will benefit by becoming more competitive vis-à-vis the rest of the world through the use of high speed access in business, and by alleviating the shortage of medical specialists in the region through the use of tele-medicine (just to mention a few).

Gillies and Oliver Paipoonge best role in this environment is to continue to seek mutually advantageous opportunities and ways to work together with its partners in Thunder Bay. A good level of awareness has already been achieved through the work of the Economic Development Officers in the region through the Northwestern Ontario Development Network (NODN) and the Northwestern Ontario Associated Chambers of Commerce (NOACC). This work needs to continue and move to the next stage of partnership.

In terms of attracting outside investments, Gillies and Oliver Paipoonge do not have the resources necessary to mount a full-fledged program. What it has however, is an excellent natural environment for tourism and recreational opportunities, relatively low commercial and industrial tax rates, good quality of life, availability of work force, user friendly municipal offices, and proactive and energetic economic development committees and Councils. In other words, it has a competitive advantage. Any new investor visiting Thunder Bay should also be visiting the two respective communities. However, this will not happen on its own but through a proactive approach to regional economic

development and the presence at the table of such decision-makers.

What are required are a higher level of understanding about these issues and a new level of co-operation amongst all parties. Another quote from L.U economist Livio di Matteo captures the essence of this new level of partnership. It says:

"Thunder Bay as a regional hub and service centre is also about regional leadership. Thunder Bay needs to view the surrounding region and its communities not simply as a market but as a partner in economic development. The economies of Thunder Bay and the surrounding region are not competitors but complements to one another. What is good for Thunder Bay is good for the region and what is good for the region is also good for Thunder Bay"

3.2.2 Northwestern Ontario Region

Because of the structural changes in the northern economy, Northwestern Ontario as a whole has not benefited from the economic expansion that has occurred in other parts of the Province. On the contrary, while taxable assessments have grown an average of 13.4 percent between 1996 and 1999 in the rest of the Province, Northwestern Ontario has experienced a decline of 4.9 percent during the same period. Between 2001 and 2006 the region has continued to show a substantial loss in jobs due mostly to the downsizing of the forest industry (peaking at 52,000 jobs in 2002 and declining to 42,000 in 2006 for a loss of 10,000 jobs). *Source: Statistics Canada – 2006 Census*

In view of this reality, and the inherent difficulties in providing quick and easy solutions to a complex problem, the NOMA (Northwestern Ontario Municipal Association) delegates have been trying to provide a common front when representing the interests of the region at the provincial government level. The Mayors and Councils of Gillies and Oliver Paipoonge have also shown leadership and a proactive approach to the many problems and issues facing their municipalities. While this direct approach needs to continue, it also needs to be reinforced by a consistent message coming from organizations such as NOMA and AMO (Association of Municipalities of Ontario).

These organizations can provide smaller municipalities a stronger voice relative to their size. A greater involvement should be pursued in order to protect not only the interest of the two communities but to lend support and take advantage of networking opportunities amongst regional partners.

3.2.3 Rest of Province and Country

Any marketing plan and community profile brochure has to consider other provincial and federal jurisdiction when planning a targeted approach for attracting inward investments. To the extent that provincial regulations allow only a limited range of business incentives, one needs to be aware of what others are offering just to be able to position its own communities accordingly.

In the area of Tourism, the provincial government has been taking some aggressive steps in marketing the province and especially the North to U.S. markets. Tourism Thunder Bay, in cooperation with Fort William Historical Park, is sharing a tourism booth in Grand Marais and

providing information to potential tourists wishing to cross the border to visit our region.

The municipalities of Gillies and Oliver Paipoonge have much to offer in this area and being able to position themselves well will pay great dividends in the future. Positioning in this context can also mean leveraging resources by taking advantage of other programs and initiatives already being pursued.

Many communities in the province and especially in Northern Ontario are now pursuing lower commercial and industrial tax rates as an incentive for attracting investments. In fact, in a March 2006 article of the Northern Ontario Business, Rick Evans, manager of economic development for the City of North Bay indicated that Council had adopted a budget that would reduce commercial tax rates by 1 percent annually over the next 20 years. Industrial tax rates are already some of the lowest in the province. A new industrial economic development plan had identified industrial and commercial tax rates as being too high for both business retention and expansion and the attraction of new investments.

The province of Ontario has already moved in this area by passing legislation in the form of "range of fairness" which stipulates that industrial and commercial tax rates should fall within a certain range in relation to the residential rates. **Gillies and Oliver Paipoonge own rates compare well with similar or even larger centres in Northern Ontario.**

Federal, regional and local tax rates

When attracting investments from outside the region province or country, it is important to include corporate taxation at the federal, provincial/state and city level. For example, the following chart compares Quebec, Ontario, Manitoba and Alberta to major U.S. states in both manufacturing and non-manufacturing sectors:

Comparison of Income Tax rates - 2008 Large corporations - Effective Tax Rate (%)

MANUFACTURING SECTOR

	Federal	Province/State	City	Total
Quebec	19.50	11.4	0	30.90
Ontario	19.50	12.0	0	31.50
Manitoba	19.50	13.0	0	32.50
Alberta	19.50	10.0	0	29.50
Minnesota*	35.00	9.80	0	41.40
Wisconsin*	35.00	7.90	0	41.18
Michigan *	35.00	6.00	0	38.90
New York*	35.00	7.50	0	39.90
California*	35.00	8.84	0	40.70

NON-MANUFACTURING SECTOR

	Federal	Province/State	City	Total
Quebec	19.50	11.4	0	30.90
Ontario	19.50	14.0	0	33.50
Manitoba	19.50	14.0	0	33.50
Alberta	19.50	10.0	0	29.50
Minnesota*	35.00	9.80	0	41.40
Wisconsin*	35.00	7.90	0	41.18
Michigan *	35.00	6.00	0	38.90
New York*	35.00	7.50	0	39.90
California*	35.00	8.84	0	40.70

Source: Deloitte & Touche LLP - Canada (English) & OC Register.com

*Note: the combined US federal and state rate is adjusted for federal deduction of state taxes paid

In Canada since January 2002, the Income Tax rate was 26.12% (including the surtax of 4%). This rate was reduced by 2% annually to reach 22.12% by 2004 where it stayed the same until 2008 when it was changed to 19.50% thereby providing a further competitive advantage to the Canadian provinces including Ontario, vis-à-vis the U.S. This fact is not well known or well publicised in the United States, where the perception of Canada as a high-tax country still persist. Any marketing material, especially if targeting the U.S., should include such positive investment and tax rates.

4 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Goal: To identify key marketing success factors, examine local opportunities in light of strengths and weaknesses and external factors, finalize community profiles, and prepare final report. The data collected lead to the preparation of a report that will enhance the various economic development personnel and committees' ability to market their respective communities and region.

Approach: the consultant compiled the data collected and finalized individual community profiles. In summarizing the project and its findings, and in preparation for a final report, the consultant prepared a survey and interviews with select business and community leaders to gain an overall perspective on the region's strengths and weaknesses, and marketing of economic opportunities. Due to the relatively small size of the communities, a good sample was achieved with a total of 25 survey respondents.

b) Identified strength or weakness of local infrastructure to respond to the needs of a changing economy, including the impact on worker's skills through interviews with:

- Local & regional training boards representatives
- Labour market analysts and human resource industry representatives

c) Identified and quantified community strengths and opportunities. The analysis focused on market

and local business strengths. Most of this information was gathered during the data collection and interviews identified in a) & b) above. The emphasis however, shifted towards the companies that are experiencing growth and expansion.

d) Reviewed any existing community development strategies and generated a comprehensive list of local economic opportunities. This was achieved by meeting with the steering committee and area's economic development representatives to prepare a list of development opportunities already being pursued.

e) Met with the steering committee to present and review draft report.

4.1 On Site Interviews/Survey results

The Steering Committee was of great assistance in preparing, mailing and collecting surveys, as well as organizing the small business community in the township of Gillies. The consultant also conducted on-site and/or telephone interviews with corporate, education, and government officials, such as:

- Manufacturing company executives (with emphasis on those that are downsizing or growing)
- Chamber of Commerce officials
- Provincial and municipal government officials
- Utilities officials
- Telecommunications companies
- Ontario Power Corporation representatives and regional Hydro commissions
- Educational representatives
- Local taxing officials
- Transportation carriers
- Local banking community/venture capital representatives
- Tourism, mining, forestry, technology and environment representative

Survey questions attempted to identify:

1. The best development opportunities in the communities (i.e. manufacturing, recreation and entertainment facilities, tourism, senior housing, etc)
2. Level of satisfaction with each community. Respondents (resident, business) ranked their satisfaction from extremely satisfied to not satisfied.
3. Business and residential survey respondents were asked to list the strengths and weaknesses of the local economy (i.e. strengths: availability of good paying jobs, educational/training opportunities, quality of life, etc., from their perspective. Weaknesses: lack of economic opportunities, high cost of transportation, high tax rates, etc.)
4. Respondents were asked to list the weaknesses of the community as a place to do business.

5. Respondents were asked to identify what in their opinion, will have the greatest impact on their community and region in the years ahead (5 and 10 years time span).

Survey results

Because of the low number of community members and businesses surveyed in Gillies (around 30 residents of which 5 were businesses and 12 bus/residential) the results can only be considered an opinion poll and not statistically valid. The results however, are presented below because in the opinion of the consultant, it would be valid information especially when corroborated with the consultant's own research. The survey (see Appendix A) was also made available at the interview sessions and meetings.

It is important to note that the results of this survey match closely those undertaken in Oliver Paipoonge in 2001.

Summary of Findings

Best Development Opportunities

Respondents identified the best development opportunities in **tourism, recreation/entertainment, residential and small business development.**

Satisfaction with the Municipality

A high level of satisfaction with the Municipalities was reported with an overall ranking of over 70% satisfied or somewhat satisfied.

Strengths

Respondents identified the strengths of their municipalities as such: **quality of life, recreation opportunities and rural living.** This was followed by the municipalities' **excellent location.** (e.g. close to city conveniences). **Tourism** was identified as the growth area having the best potential, if developed properly and collaboratively.

Weaknesses

The majority of respondents identified the **high cost of transportation and high tax rates** as a weakness. Limited facilities and lack of volunteers was also considered a weakness.

Greatest impact on the Municipality in the next 5 and 10 years

Within 5 years, respondents felt that farming issues would have the greatest impact on the township, followed by forestry, land use, and population/demographics and small business growth.

Within 10 years farming is viewed to decrease as an issue, overtaken by small business growth, population/demographics, land use, and tourism/recreation issues.

Interview results

Strengths

Over and over in the consultant heard of the great quality of life, the recreation opportunities, safe family oriented communities and the clean environment. Available reasonably priced housing and health care (in Thunder Bay) were also high on the list of community strengths. All respondents reported a high level of satisfaction with their communities and with the region. Having a major centre, Thunder Bay, within a half hour's drive was also considered a strength.

Weaknesses

Since a large segment of the working population commutes to work to the larger centre of Thunder Bay, the over reliance on the lumber and pulp and paper industries as well as the related transportation and service jobs connected with them, have had a detrimental impact on the employment base of the two municipalities.

Out-migration was also identified as a major weakness. **Both communities need to focus on attracting back at least a portion of their youth who leave to attend school elsewhere, become educated professional, and never return.** Other weaknesses were the lack of local service, cost of transportation as well as the perception of relatively high tax rates (in relation to services).

Trends and Opportunities

The recent growth in the health care, education, and mining exploration sector is attracting upscale professionals to the city of Thunder Bay. Some of these professionals enjoy living in a rural setting and the lower levels of taxation vis-à-vis the larger urban centre of the city. This trend offers a great opportunity for the municipality of Gillies and Oliver Paipoonge, to position themselves as the locations of choice for rural living. This opportunity is further enhanced by the great expansion of telecommunication infrastructure into the area that now enables a small business to effectively overcome geographical isolation and reach into any global market.

4.2 Community Strengths & Opportunities

Strengths

- Overall receptive and user-friendly municipal administration and council
- Favorable industrial and commercial tax rates in Gillies and Oliver Paipoonge
- Good quality of life

- Proactive, energetic and informed business community
- Potential for major local tourist attractions (Waterfront Development in Thunder Bay, Lake Superior, Provincial Parks, etc.)
- Extensive recreational facilities
- Fast improving telecommunication infrastructure

Opportunities

- Potential future projects
 1. Interpretive/Educational/Interactive Cultural Centres
 2. Value-added wood processing
 3. Service support industries in tourism and recreation
 4. Development of cottage lots and retirement homes
 5. Snowmobiling/all season trails/Nordic Skiing/Ice Climbing
 6. Wind/solar-power and other hydro generation projects
- Mining opportunities (see job matching and cross-training from forestry)
- Enhancement of tourism opportunities across region (i.e. Grand Marais tourism booth, further enhance signage program, trifold brochures on things to do while in the area, website enhancement and cross-linking, etc.)
- Exporting opportunities across various sectors into the US Midwest and western Canadian markets (Oil Sands consortium) by matching labour force to emerging opportunities
- Small business sector growth opportunities through enhanced programs in education, training, entrepreneurship, telecommunications, etc.
- Agricultural – further expansion of local food security opportunities
- Opportunities for more regional teamwork and collaboration

4.3 Community Weaknesses & Areas of Concern

4.3.1 Local Issues

- Lack of regional approach to long-range planning
- Over reliance on natural resource industries
- Lower educational level (university) of workforce for both communities when compared to provincial average
- Lack of common identity for Gillies and Oliver Paipoonge due to
 1. Diverse historical growth pattern
 2. Geographical dispersion in Oliver Paipoonge (i.e. separate enclaves)
- Lack of land use designation for commercial and industrial development/investment in Gillies
- No regional approach to attracting investment
- Perceived high tax rates in relation to services

- Lack of services in the immediate area (high transportation costs)

4.3.2 Global Issues and Trends

- US economic slowdown and softwood lumber tariffs having an impact on exports and prices of natural resource commodities
- Structural deficiencies of northern communities (i.e. smaller economies of scale, higher prices, higher transportation costs, out-migration, etc.)
- Constraints to development outside of the municipality control (i.e. MTO and other bureaucracies such as new water regulations)
- New Hydro de-regulations and possible higher energy costs which would curtail the Municipality's ability to retain and attract manufacturing operations.

4.4 List of Viable Economic Development Trends and Opportunities

Trends and Opportunities

Both communities depend on the employment base provided by the growth or lack thereof from the City of Thunder Bay. What happens there has and will continue to have a substantial impact on the communities of Gillies and Oliver Paipoonge unless there was a re-positioning to take advantage of the new growth opportunities. One such opportunity is tourism.

4.4.1 Trends and Opportunities in Tourism

Heritage and Cultural Tourism

The natural beauty of the Superior North region and Kakabeka Falls has made it a popular destination for summer tourists for decades. Recent trends now show that tourism is fast becoming a year round activity and the Superior North area (lakeshore to Kakabeka) is well positioned to take advantage of that trend. The easy accessibility to most areas provides real opportunities, particularly in the hospitality industry.

In Northwestern Ontario tourism is often based on the promotion of natural resources such as fishing and hunting, but over the last decade or so the cultural heritage of a community or a region is proving a popular attraction. To benefit from this trend, many communities are revitalizing their downtown cores and waterfronts, in a theme depicting their history (note that this would apply to a lesser extent to Gillies than Oliver Paipoonge with its business and commercial centres/nodes and Kakabeka Falls).

Heritage interpretation is a way of communicating the sense of place and the story of a community to visitors. Most communities are vibrant, complex, living societies with a proud history, and the job of heritage interpretation is to communicate the stories and the history of these communities to tourists in a meaningful way. Many tourists are looking for more than a whirlwind trip to a big city or a few days at the beach. They want to understand the sense of place in communities with unique

personalities and they seek out opportunities to visit these communities, and regions, for that experience.

The Superior North area, and the communities of Gillies and Oliver Paipoonge with their principal population nodes on the Trans-Canada Highway are ideally suited for heritage development. Each of these population nodes has a special history quite unique from the others, yet their close proximity forms a natural region that would encourage visitors to stay longer, and to see all the attractions in each community.

An important addition to town center revitalization is interpretive programs. These programs can enhance the tourism resources of a community and can attract a certain type of tourist that will stay longer, return again later, and to tell their friends, all of which can produce major economic benefits for the community and its residents.

Interpreting the communities' heritage can also raise local awareness of heritage issues and enhance civic pride. Many people who live in heritage towns don't realize how unique and special their communities are. Interpretive Centres can provide the springboard to further heritage development in the area. Well-positioned marketing brochures in the centres can also direct visitors to other areas of recreation in the region.

While visitors, (tourists) are an important source of income for a community there are other compelling reasons for downtown revitalization. The downtown area is the cornerstone of the community. Without a strong, distinctive downtown there is little to distinguish one community from another. As the downtown deteriorates the community loses value, property values decrease, and attracting new business becomes difficult if not impossible. That impacts everyone.

The condition of the downtown should be of concern to all residents, not just those people working downtown or owning businesses there. Communities working together can reinvigorate downtowns, make them the engine of economic restructuring for their community, and market their unique characteristics to shoppers, investors, new businesses, tourists and others. Success breeds success. There is no greater attraction to new business than the success of the existing business community.

It was this shift in cultural marketing that was the driving force behind a regional workshop held at the Fort William Historical Park on Monday April 7, 2008 to explore how cultural resources such as museums, galleries, libraries, festivals and events can help drive economic activity.

The two communities of Gillies and Oliver Paipoonge are well positioned to take advantage of such trends. In fact, the Hymers Fair, Pioneer Village, Kakabeka Falls (with their history) are excellent examples of cultural marketing. Cross linking to similar programs, events, and facilities like the Fort William Historical Park offer excellent opportunities for further development in this area.

4.4.2 Snowmobiling/Ice Climbing/Winter Sports

The phenomenal growth of snowmobiling, particularly long distance snowmobiling is an opportunity for all the population centers in the Thunder Bay District area to promote this winter activity by developing a system of multi-use trails connecting with other sites and communities in Northwestern Ontario. Much of this trail system already exists. Visiting the heritage communities of the area can then be a winter, as well as summer activity. Large snowmobile clubs or off road travel groups can trailer their machines to Superior North bases in any of the population nodes, and take the multi-use trail system, or conventional highways, to visit the others. The potential exists to develop facilities similar to the new snowmobile drag racing track in Longlac, that when coupled with annual ice fishing derbies, long distance races and other activities, can make the Superior North and the area west of Thunder Bay to Gillies and Kakabeka a tourism destination year round.

Ice climbing

Adventure tourism and eco-tourism are also areas of growth worthy of note. Although busiest in the spring through fall period there may be opportunities in winter adventure tours as well. One area of great interest in the last few years has been ice climbing. People have been traveling from all over North America and Europe to this region (specifically Eagle Canyon and other sites along the highway 11-17) to experience this winter sport.

In discussions with the consultant through other tourism-related projects in the last couple of years, the operator was very interested in promoting the facility and the operation has been growing every year in visitors (30,000 in 2004 double the 15,000 visitors in 2003) and facilities. A similar operation could be provided in the Kakabeka Falls area, and mutually beneficial opportunities developed for reciprocal promotions.

For all of these opportunities some growth in accommodation facilities will be required, particularly for winter. Those areas with summer tourist facilities could see them winterized and operated year round.

In terms of tourism, developing new markets is a time consuming and costly undertaking, and partnerships need to be developed. It is important to capitalize on current strengths and learn to best practice these. Once the region has fully capitalized on the markets that access these activities, then it will be prudent to delve into new markets such as heritage tourism, cultural tourism, eco tourism.

4.4.3 Value Added Wood Products.

Changes in technology and forestry practices have reduced the scope of forestry operations and the number of employees in the larger operations but there is potential for growth in value added and specialty wood products. Among these are Furniture, Cabinets and Millwork, Shakes and Shingles, Doors and Windows, Pre-Fab Housing and many other uses for small diameter wood types not normally used for pulp, plywood and other panel boards.

Let's examine furniture as an example. In 2003 industry shipments in Canada were \$14 billion, of which 49% were exports. In the same year, the Canadian market for furniture was \$7.1 billion of which 66% was supplied by the domestic industry and the balance by imports. In 2003 Canada exported \$6.9 billion worth of furniture, representing an average annual growth rate of 13.1% since

1993. The U.S. continues to represent Canada's single largest export market, accounting for about 96% in 2003. Canada is the 2nd largest exporter of furniture in the world and the number one exporter of furniture to the United States.

Source: CSIL publication "World Furniture- International Markets Review, Sept. 2002"

It is useful to examine Manitoba's success in value added wood processing. Manitoba excels in the area of further processing wood products due to their history and experience in woodworking. They are home to the largest Canadian kitchen cabinet manufacturer, Kitchen Craft Cabinetry, and the two largest Canadian window and door manufacturers, Loewen Windows and Willmar Windows.

Their major products include kitchen cabinets, windows and doors, manufactured housing, wood pallets, fencing, trusses, boxes, furniture components, moldings, flooring, architectural millwork, dimensional lumber, and a variety of specialty items.

Manitoba's converted wood products sector consists of 60 firms employing approximately 3,800 direct employees with shipments valued at \$420 million. Over the next decade, Manitoba's furniture shipments are expected to grow by 6% to 10% a year.

Closer to home, Northwestern Ontario primary forestry industry has experienced a number of mill closure and job losses, but some value added producers in the Fort Frances area are expanding. Companies like Kish-Gon-Dug, a First Nation-run wood furniture maker are in expansion mode in order to handle increased orders for its red cedar garden patio furniture. The company sells 98 percent of its product to the US market and despite a flat U.S. home-building market, home renovations are still going strong.

Another company, Gingrich Wood Craft, a Devlin-based manufacturer of drawers and solid wood panel for the furniture and cabinet industry is doubling the size of its plant to add more machinery. The company moved to the Fort Frances area to be closer to the international border, as most of its sales are in the U.S.

Geoff Gillon, executive director of the Rainy River Future Development Corporation, has been active at promoting these opportunities and was planning to host a value-added symposium in Fort Frances with Forintek, a national wood products research institute, inviting 20 to 30 potential local investors and wood products producers to take part. Value added wood products have been good for the area and while there are additional opportunities for expansion, the private sector needs to be aware of them.

Source: Northern Ontario business , October 2007 Special Report – Fort Frances

It is apparent then that there is a market for value added wood processing. In Northwestern Ontario region there are now more opportunities than ever to access the wood fibre required for these types of operations, and they should be fully explored.

4.4.4 Mineral Exploration

There has been recent activity in mineral exploration, particularly in the Nipigon, Geraldton and Beardmore regions. Mining is still an important contributor to Ontario's wealth. New mines are only found as a result of exploration and prospecting and these activities are dependent upon basic geological information to help select target areas and key prospects.

To assist in identifying target areas the Ministry of Northern Development and Mines established a program called Operation Treasure Hunt, announced in March 1999 and concluded in March 31, 2002. The goal of Operation Treasure Hunt was to stimulate the minerals industry in Ontario and to attract new mineral investment to Ontario. The objective was to gather and distribute geoscience information that would generate new exploration targets.

This program used state of the art geophysical and geochemical technologies to uncover exciting new mineral exploration and investment opportunities in Ontario. A segment of this program was the Surficial Geoscience Project to examine lake sediment in specific study areas. This project highlighted new exploration targets in areas of high mineral potential, and evaluated the mineral potential of frontier areas that received limited exploration in the past.

Geochemical and quality control data for lake sediment was collected from 2494 sites in the Nakina, Longlac area between 1999 and 2001. The results of this testing have been made available to clients around the world. Interviews with industry leaders in Greenstone indicated there is current activity by geologists in the region.

The Phenix report covering the Beardmore region of Greenstone made a number of recommendations concerning mining, that have implications for all of Greenstone and Superior North. It includes a call to reinstate the Ontario Prospectors Assistance Program, (OPAP). This program has a significant effect on the number of prospectors in the field and over all prospecting activity. The report quite rightly states that, "mine finding starts with prospectors in the field".

This opportunity was further reinforced by an announcement in the March 12, 2002 edition of the Chronicle Journal that "a big chunk of provincial cash is expected to put the shine back on exploration for metals like gold and copper in the Lake Nipigon region". In fact, the Northern Ontario heritage Fund provided \$3.5 million so that areas with mineral potential around the lake can be mapped and put on a government web site. Partners in the project included Lakehead University and the Ontario Prospectors Association (OPA).

OPA executive director Garry Clark, who is based in Thunder Bay, said in a news release that: "the OPA is committed to working with its project partners to produce high-quality geological data that will meet industry needs and help increase exploration in the Great Lakes Nipigon region." The lake Nipigon region is home to copper, gold, nickel and platinum-palladium deposits. Clark said exploration companies working in the area have agreed to donate their time in the mapping project, giving it a total valued of \$7 million. The investment by the Heritage Fund comes when gold prices are rebounding to a level of over \$900 US per ounce, thereby further increasing the level of exploration if the price stays up.

The Ontario Geological Survey (OGS) helped acquire and publish the results of the geoscience studies as maps, reports, and digital data sets. The information was then made available over the Internet through the Ministry of Northern Development and Mines ERMES and CLAIMap systems.

(August 22, 2002, Ontario Prospectors Association news release)

This valuable information was used to globally market the resource potential and investment appeal of the Lake Nipigon region, and recent growth in exploration has led to a new global company (Actlab) opening up an assay laboratory at the Thunder Bay Airport site and the hiring of up to 60 technical jobs. There is an opportunity to follow up with the company to determine the type of skill sets required and identify any possible match with labour availability in Gillies and Oliver Paipoonge (i.e. newsletter).

4.4.5 Exports to U.S. Markets

While exporting opportunities were ranked low in the survey results, we believe that lack of awareness should not be the determining factor in a company's ability or desire to explore export markets. The following will provide a synopsis of general export opportunities present in the U.S. Midwest market.

General opportunities:

Northwestern Ontario, by virtue of both geography, human resources and technical and institutional infrastructure, possesses vast potential for realizing positive economic opportunities through the continued development of regional economic ties with Midwest US markets. The predominant factors are as follows:

- Close geographic proximity (the Northwestern Ontario, and specifically Thunder Bay area communities are less than 1 hour drive of the US border, a three and one half hour drive of Duluth, MN, and within a five and one half hour drive of the Twin Cities of Minneapolis and St. Paul – this compares with an eight hour drive to Winnipeg and a seventeen hour drive to Toronto (on average))
- Strong transportation, shipping and communication networks (all markets are accessible by air, rail, water and by significantly improving telecommunication networks)
- The Midwestern US economy is still very strong (less than 3% unemployment with strong projected growth rates over coming years) and **most major Midwest industries are still looking to external solutions through partnerships and investment in other communities as a means to solve their skilled labor and land shortage problem**
- The North America Free Trade Agreement (NAFTA), has removed many barriers to the opportunity for Canadian communities to establish economic ties with US markets
- While favorable exchange rates are not a primary advantage any longer, there still exist opportunities for investment of US capital and the establishment of US-Canadian joint ventures (particularly in areas of research and development and expanding sectors such as information technologies, life sciences, mining exploration, tourism, etc.)
- Northwestern Ontario possesses a **highly skilled and trainable but none-the-less**

underemployed work force, strong educational institutions, and the flexibility to fill both niche and broad market opportunities through partnership with regional institutions, agencies and industry to develop mutually beneficial solutions to both Northwestern Ontario and Midwestern US economic problems

Northwestern Ontario region have already benefited from exploring opportunities in the U.S. market. These opportunities are evident in local companies (Engineering, Information Technology, Printing, Metal Fabrication, etc.) setting up offices in Duluth and Minneapolis to reach a vast and lucrative market that allows them to diversify across geographical boundaries. Having access to such a market has allowed them not only to weather any downturn in our local markets and retain the employees they presently have, but also to hire additional people in their local office to serve the expanding U.S. market.

Northwestern Ontario companies can count on the services of agencies such as northwestern Ontario Development Network, the Northwest-Midwest Alliance, the Ministry of Northern Development and Mines, and FedNor in exploring such **opportunities that go beyond exporting to include attracting investments into our region and the creation of joint-venture and strategic alliances.**

Specific opportunities

Specific opportunities are identified by economic development officers at the Consulate office in Minneapolis, the Northwest-Midwest Alliance representative in the Twin Cities, and by economic development staff at both Superior North and Northwestern Ontario Development Network. These opportunities are communicated to companies in the region that have dealings with such offices in the past in the area of export development and new companies that have shown an interest in exporting.

As there are many stages of export development, companies that are planning to enter an export market such as the U.S. need to go through an evaluation of export readiness. The Northwest-Midwest Alliance's staff are trained to provide such evaluation. Interested companies can also attend trade shows organized by the Consulate office in Minneapolis and co-ordinated by local economic development officers.

The Economic Development Officers in the region as well as trained staff in Gillies and Oliver Paipoonge can ensure that relevant trade shows and seminars would be highlighted and interested businesses contacted. A targeted approach would also greatly enhance participation rates. There is also opportunity to export to overseas markets if there is a product/demand match.

An important point to remember is that the office of the NMA and Ministry of Northern Development and Mines, do provide funding and transportation for small businesses that do not have the resources necessary to attend such trade shows.

4.4.6 Other

Information technology and e-commerce

For years we have heard, discussed, and analyzed ways to turn the economy of Northern Ontario around. Northwestern Ontario economy is in transition and is not experiencing the expansionary growth that is happening in Southern Ontario. The Internet is helping us bypass some of these problems by allowing local businesses to reach into international markets. However, the global economy is a double-edged sword and it can cut both ways.

As we reach into other markets, other entrepreneurs can reach into ours and take market share away from local businesses. To make matters worse, large organizations such as Bowater, Bombardier, Buchanan, School Boards, Hospitals, Municipalities, etc. are starting to do their purchasing on line and buying from outside the region when products/services are not available locally, or when prices are lower due to economies of scale in larger centers.

With over 9000 companies in Northwestern Ontario and 30,000 in Northeastern Ontario, the potential to increase selling opportunities for local suppliers is huge. It is estimated that there are over 30,000 people connected to the Internet in Thunder Bay, and growing fast. Regional numbers are not readily available but all indications are that with new broadband and enhanced telecommunications infrastructure being made available in the region, more business opportunities will open up. Most businesses now realize that they need to be on line. However, in the new economy being connected is not sufficient to remain competitive. Having the right tools (i.e. application software) and the ability to apply them strategically (i.e. platform and infrastructure) will make the difference between stagnation and growth.

Contact Centre Opportunities

The next section clearly shows that the Thunder Bay area is well on its way to be connected to the world through high-speed broadband technology. Such technology has already allowed Thunder Bay to attract a number of large call centres. A recent success story was the opening of a service and administrative office by **Superior Propane** in Thunder Bay. Over 30 jobs at an average wage of \$50,000 per year plus benefits have already been created and the company has advertised for 20 more positions. It is expected that a full complement of 100 jobs will be created.

If demand for call centres continues at the present rate, opportunities may open up for smaller regional call centre clusters supporting the larger centres. Even if such centres were not to materialize in the smaller regional communities of Northwestern Ontario due to economies of scale, the high cost of office space and high turnover rate in the larger Canadian cities, provide a powerful incentive for companies to relocate their head office support personnel into communities like Thunder Bay. Both Gillies and Oliver Paipoonge have a high concentration of their work force commuting to the city and would benefit as well.

Cellular Phone Service to Gillies and Oliver Paipoonge

Thunder Bay Mobility (Thunder Bay Telephone) provides cell phone service to the communities of Gillies and Oliver Paipoonge. While the TBayTel cell phone coverage provide good service to most

of Northern Ontario communities, potential investors coming from outside are usually using Rogers or some other carrier. Their phones have limited coverage and therefore such individuals are left with the impression that the local coverage is weak and/or not reliable.

TBayTel is aware of this situation which in most cases has to do with the client's carrier (Rogers, etc.) limited coverage in the area or carriers that are not connected on the local system through their own choice. **It is important to convey such information to the client as not to leave the impression that the local telecommunication infrastructure is limited. Other possible courses of action, is to identify this as a possible weakness in any local or regional strategic plan.**

High Speed Internet

TBayTel is presently delivering Internet services to the area through dial-up modem connections and fibre-based service (e.g. high-speed access or DSL) in most homes or businesses. Plans for the future include further enhancement to the existing system through the delivery of satellite Broadband connection where feasible. The cost of such services is projected to be only slightly higher than the regular DSL hook up.

Such improvements to the service will allow the municipalities of Gillies and Oliver Paipoonge to take advantage of opportunities in the information technology sector previously unavailable. The municipalities will also be able to pursue proposals for e-commerce training facilities and similar on-line training to build capacity in this sector since it will help open up further opportunities for businesses and residential users alike.

In order to take full advantage of present and future developments in this field, it is suggested that a strategy and action plan for the communities be developed. The advantages of such plan would be to leverage limited resources, reduce costs through economies of scale, and maximize opportunities for the region.

4.4.7 Agriculture

As the employment trends indicate, Gillies and Oliver Paipoonge as well as the rest of the region and the province have experienced a decline in manufacturing and construction sectors, The service industry on the other hand, has shown an increase. It is important to note however, that agriculture in Oliver Paipoonge has grown from 10 to 13 percent of total employment while in Gillies the resource industry (including agriculture) has grown from 7.5 to 10% in the last 5 years (2006 Statistics Canada Census shows only the break down for OP).

Given the changing nature of the Ontario industrial base and the current increases in food prices and uncertainty over food supply, agriculture seems to be taking on a newfound possibility of becoming Ontario next best economic hope (*Chronicle Journal, April 4, 2008*). In fact, Geri Kamenz, the President of the Ontario Federation of Agriculture, told the audience at the Spring Farm conference in Kakabeka Falls "no matter what newspaper you open every day there is another manufacturing

company that is closing its doors”. He also added that “with those manufacturing jobs disappearing, agriculture is No. 2 in terms of providing the economic momentum for the Ontario economy”.

These general trends in the provincial economy and the momentum for reducing the carbon footprint of importing food from all over the world while we can grow our own in the region, is providing new opportunities in this area. While there are challenges with the cost of seed and fertilizers being at an all-time high, the growing local market for farmers’ products is helping to keep the local area farmers in the black. Such growth can be further enhanced by the recent proposal for a Food Charter for Thunder Bay and area. **It is recommended that the Township of Gillies join the municipalities of O’Connor, Oliver-Paipoonge and Shuniah in endorsing the charter which puts consideration of food into local decision-making.**

Another advantage for local farming and food production comes in the form of new techniques and technologies to make agriculture more cost effective, more efficient and more environmentally sound. The Rosehart report specifically indicated the need for enhanced high-speed access for the rural areas to help the farming community take advantage of on-line support and funding opportunities.

Another key recommendation in the Rosehart report deals with the potential to establish an appropriately-sized abattoir in the region to facilitate such a service so locally-raised livestock can be processed in an approved facility. The report concludes that while the current numbers may not support such a facility, it may provide a catalyst for growth as it represent a key piece of infrastructure needed to meet both federal and provincial food safety requirements.

A recent study done by the University of Guelph showed that Thunder Bay citizens are willing to pay more for locally-grown produce including beef.

5 RECOMMENDATIONS

Based on the previous four sections, a marketing development strategy and action plan will be developed. The plan will outline recommendations that will allow the Economic Development staff and Committee to take results-oriented action. This plan is based on the following:

1. Review and analysis of the existing economic plans, strategies, marketing activities and materials.
2. Recommendations on an economic development strategy framework (i.e. a vision of a more diversified economy, more quality jobs, a higher quality of life, etc.) supported by appropriate policies and programs for the municipality in line and complementary to those of the surrounding municipalities and region. Such policies and programs will include but not be limited to business climate, technology, capital, infrastructure, education, attraction, retention, exporting.
3. Rank top priority opportunities in line with the marketing development strategy framework.
4. Strategies on how to best integrate ongoing successful activities with the findings of this study.

5. Strategies on how to best utilize the recommendations in developing successful marketing materials.
6. Recommendations on successful target marketing activities for inward investment such as: community profile brochure, prospecting trips, the best trade shows, direct mail, and advertising.
7. Recommendations on successful strategies for business retention and expansion.
8. Staffing and budgetary requirements to carry out a successful plan.

The summary of recommendations is as follows:

- Develop an Marketing Development Strategy Framework
- Develop a Vision Statement for the Municipalities including appropriate policies and programs to carry out the Vision.
- Develop marketing strategy to provide a common theme, including promotional and marketing materials for tourism and for business attraction (Community profile template and brochure, 2Ontario.www web site profile, etc.)
- Develop a retention/expansion strategy and program for local businesses
- Develop and implement a regional Broadband/High-speed access policy and action plan
- Position Gillies and Oliver Paipoonge to take advantage of other resources (incl. Government funding) available in the region by working closely with other government agencies (Omafra, Fed Nor, Northwestern Ontario Development Network, regional tourism agencies, Northwest-Midwest Alliance, North Superior Training Board, etc.) and political bodies (Northwestern Ontario Municipal Association, Northwestern Ontario Associated Chambers of Commerce, Association of Municipalities of Ontario, local MP's and MPP's
- Develop appropriate strategies for follow-up on identified opportunities (i.e. agriculture – Gillies support for a Food Charter, etc.)
- Develop and implement a communication strategy to achieve all the above.

5.1 Marketing Development Strategy Framework

The strategy will be based on these key principles:

- Well-defined, practical action plan, with realistic and measurable objectives.
- Take into account both the dynamics and needs of individual communities and the area as a whole.
- Give high priority to the economic aspirations of each community while developing a theme to bind them together.
- Complement other economic work already going on in the region in order to leverage resources and maximize the benefits to the municipality.

5.2 Develop a Vision Statement

The vision statement is the one thing that can crystallize the energy and resources of the Municipalities and its citizens towards a common goal. Such goals have to be clear and simple enough to be remembered and express the desires and aspirations of the community. It is the view of the consulting team that the following embodies such requisites.

A suggested vision statement is:

"The communities of Gillies and Oliver Paipoonge are dynamic and well positioned for success in the global economy, through collaborative encouragement and support of entrepreneurship and business development, and the provision of an excellent quality of life for their citizens"

The Municipalities will achieve this vision through:

- A political and economic integrated vision
- The development and enhancement of opportunities for investment, employment, and a rewarding lifestyle
- Further diversification of the economic base

5.3 Develop Policies and Programs

In support of the above, Municipal Councils and Staff are committed to:

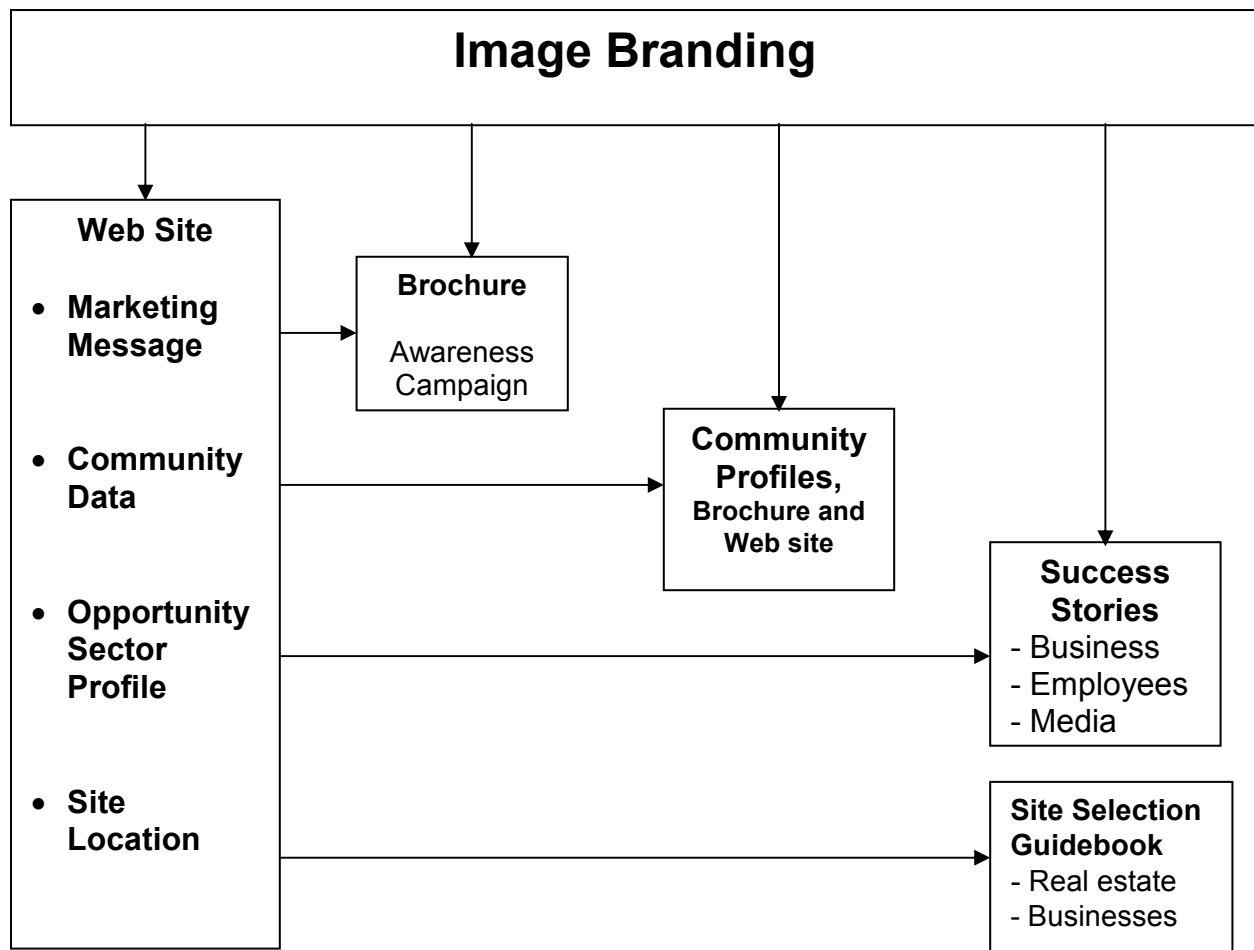
1. Reflecting the aims of the vision in planning, policy-making and program implementation;
2. Building a sound, well planned and long lasting municipal economic development infrastructure;
3. Maintaining community involvement in the process of developing municipal economic development infrastructure and delivering municipal services;
4. Marketing the municipalities and actively promoting the spirit and pride of their communities; and
5. Fostering an excellent quality of life by balancing economic development and diversification with social amenities and environmental responsibility

5.4 Integrated Marketing Program & Top Marketing Opportunities

Gillies and Oliver Paipoonge marketing priority should be to build awareness of the area based on a brand image that reflects the communities' competitive strengths. Once this priority is addressed, a comprehensive integrated marketing program can be developed that links all production materials to be used to market the area for business development purposes.

The chart below "Integrated Marketing Program" for the municipalities outlines key marketing products and programs that should be considered.

Integrated Marketing Program For the Municipalities of Gillies and Oliver Paipoonge



5.4.1 Short Term

The marketing brochure and community profiles can be used immediately. Community surveys responses for Gillies have already been incorporated into the report. A sufficient number of copies to support any marketing activity or initiative should be prepared. The community profiles and marketing brochure should be prepared in a print-ready program such as Quark Express to facilitate preparation and reduce costs. Changes can be made easily and brochures can go directly to print.

Other short-term efforts should be concentrated on updating the web site to provide a consistent community profile template and marketing brochure for the communities. Existing services like

BizPal that are geared at helping small businesses identify all permits and statutory regulations required to start a business, can be incorporated into the communities' web sites and greatly enhance its usefulness to the users.

Efforts to develop a list of available land sites and buildings should also be initiated as soon as possible and ideally also involve the real estate community. Business attraction can also be balanced with expansion of residential areas to take advantage of current and future trends, especially since the real estate community is already marketing the Thunder Bay area as having the most affordable homes in the world, and one of the best places in the world to live .

Ongoing efforts to fully deploy broadband technology (High-Speed access) to the communities should continue. A regional strategy should also be developed and implemented. Economies of scale should be pursued wherever possible.

An excellent opportunity for further exposure existed with having the Community Profiles included in the Ontario Investment Services Web site. This was done as part of the training component of the program and both Gillies and Oliver Paipoonge have their online investment information on the Ministry of Economic Development and Trade Web site which contains the most accurate and comprehensive information about Ontario as an ideal business and investment destination. The Web site address is www.2ontario.com

5.4.2 Medium Term

The medium term can be considered six months to two years. It should include the enhancement of signage wherever possible, the development and implementation of a targeted inward investment program with a budget allocation, the development and implementation of a business retention and expansion program, and the pursuit of export development opportunities for local companies.

During this time frame, the municipality should also initiate the development of an education and skills development program with the local training boards, to enhance its labour force competitiveness level. This applies to all communities at different levels. For example, while there is a general need for portable skills in the new knowledge-based economy, adult workers who have lost their job in forestry need dual-core training to transfer such skills into mining. More information is available from the North Superior Training board at www.nstb.on.ca

5.4.3 Long Term

The long term covers two to five years and should include a commitment to update the community profiles, marketing brochures, and site selection guidebook. Workforce enhancement programs such as skills development should be continued and adjusted to reflect the changing demographics of Gillies and Oliver Paipoonge labour force characteristic and education levels, especially in light of forecasted future retirements in the skill trades.

Full implementation of retention/expansion programs should also occur during this time. As well, the

full deployment of broadband technology in the area and accessibility of reasonably priced high-speed access to all residents of the area would enable growth in the small business sector and help open up potential new sources of exporting opportunities.

6 IMPLEMENTATION PROCESS (ACTION PLAN)

6.1 Marketing Plan

The primary objectives of the marketing plan are:

- To build awareness of the Gillies and Oliver Paipoonge communities as an attractive location for business, with a focus on priority sectors and industries that best position the respective communities for new investment and business development opportunities in the global marketplace;
- To build confidence in the communities' capacity to successfully cultivate a tourism and recreation corridor, and explore new and innovative economic and investment opportunities in manufacturing and service enterprises, particularly small to medium sized businesses that are crucial to the local areas' economic prosperity;
- To foster a welcoming and progressive environment that encourages growth and contributes to a high quality of life for the citizens of Gillies and Oliver Paipoonge.

Attracting new Investors and Entrepreneurs

This involves programs aimed at encouraging new businesses to locate in the community. It requires selective advertising and other forms of promotion beyond the community's borders, e.g. literature preparation and targeted distribution, direct mail campaigns, trade show participation, and the use of other innovative marketing tools. New firms coming from outside can be an important source of employment growth.

Success in this area requires targeting appropriate sectors and firms that require what the community offers. This is underscored by the fact that many communities are chasing these companies so finding a niche where a limited number of communities are competing is essential. Whatever specific marketing strategy is used a key point is that the attraction of new business must be established as part of the community's strategic economic development plan.

Gillies and Oliver Paipoonge marketing and communications strategies are based on the following issues:

- Promotional materials are not fully developed and coordinated amongst the area's communities
- Points of interest are under utilized (i.e.: tourist information centres)
- Internet under utilized – links with high traffic web sites are not well established

- High-speed access not available to all members of the communities
- Signage under utilized on highway (Gillies does not have signs to indicate its boundaries like OP does) and within the municipalities
- Trade shows are not attended and/or displays are not available or being used to promote all opportunities in the municipalities
- The communities' web sites need to be better utilized and coordinated with other marketing material (i.e. BizPal)
- Facade of buildings in some major business node/centres (mostly OP) could be spruced up
- There is no formalized regional investment attraction strategy
- Combined trades and education levels in Gillies are lower than provincial averages (38% vs 50.5% for OP)

Must do:

- Take advantage of networking opportunities wherever, and whenever possible in order to leverage other resources currently not available to the communities of Gillies and Oliver Paipoonge. This is the one most important and cost effective element of any economic development program for a small community.
- Develop promotional materials (e.g. community profiles included with brochure) for visitors and start a marketing campaign to promote the communities and area to potential investors
- Discuss with Thunder Bay Telephone the inclusion of a district map showing the smaller communities (done) along with address and contact numbers (phone, fax, web site and e-mail address of the municipalities). Many visitors or potential investors will first look into the local telephone directory for information and those stopping over in Thunder Bay should be able to find information about Gillies and Oliver Paipoonge communities fairly easily.
- Place promotional materials at all appropriate tourist destination sites
- Link all the communities' Web sites and provide a consistent message wherever possible
- Link web sites to high traffic sites such as GetNorth.com and the city of Thunder Bay Tourism department
- Improve highway and tour signage wherever possible to direct tourists
- Update Web sites and promotional material to highlight the fact that this area has the most affordable homes in the world
- Enhance web sites to provide a consistent condensed 2-page community profile
- Print "Start your business here checklist" and other useful business information and make available at the front counter in the Municipal offices. Not everyone who wants to start a business has access to a computer or is connected to the Internet
- Make available a core area rehabilitation & redevelopment grant and façade loan improvement program similar to the one in Longlac and Thunder Bay, to enhance the core's appearances where needed. Provide incentives to businesses in the Central Business District Zone
- Work closely with local Training Boards to develop a strategy for education, training, and skills development
- Initiate the process of a regional strategy for attracting investments, including sharing information and potential prospects between Gillies and Oliver Paipoonge

- Develop and implement a strategy for maximizing the use of high-speed Internet access within the small business community (Small Business Association in Gillies – being done)

6.2 Communication Strategy

Gillies and Oliver Paipoonge communities need to further enhance communication with taxpayers, government agencies, and other municipalities. Through the monthly newsletters and other media, the Mayors and Councils along with Administration have kept residents fairly well informed. However, survey results show that there is a need for improvement in this area.

A communication strategy has to keep in mind what the intended outcome is. Is it just to inform, persuade, or motivate people to action? Any one of these objectives would require a slight deviation of the strategy. In light of the objectives as outlined in the terms of reference and the recommendations presented by the consulting team, we recommend a targeted approach to achieve all three objectives.

Informing the local community

The first objective, to inform, can be geared towards the general population to ensure that the residents and taxpayers are well informed of changes that would affect them. The present communication vehicle i.e. newspaper, newsletters, e-mails, supported by open Council meetings will suffice. An enhanced version of the "inform" objective would use more current means such as the Internet or fax programs that allow for easy transmittal of information to large groups fairly quickly. Through these means the target group could be broadened to include businesses, and other stakeholders.

Focus on retention and expansion

A targeted communication strategy is also part and parcel of any investment and economic development plan. The identification and communication with the target markets are covered in the marketing strategy and include specific forms of communication and follow-up. However, the target marketing program should first focus on existing industries in key target areas. This should include conducting detailed retention interviews with all major and related (e.g. local suppliers/customers) businesses in these categories. This process will provide the following:

- A clearer understanding of the industry. What are the local needs? What prospective businesses might hurt the existing business? (You will want to avoid these targets).
- Goodwill regarding the program. It is important to convince local businesses that the objective of the program is to assist the business climate for their related industries, not to recruit direct competitors that may hurt their business.
- Recruit experts in various industry sectors to provide resources for prospects.

A retention strategy should also include:

- Continued active publicity. Celebrate and publicise success stories.
- Detailed interviews with local growth companies.
- Helping local companies to understand local cost structures and competitiveness.
- Gaining a better understanding of local needs.
- Asking for volunteers to use their expertise in designing programs to help local growth.

Staying in the loop - communication is a two-way street

A communication strategy does not only provide information to others, but includes being informed as well. The Municipalities of Gillies and Oliver Paipoonge need to ensure that their fax, phone number, and e-mail address (including web site) is made available to all government, industry, education, municipalities, etc. that have information relevant to them. Ensuring that all information related to economic development opportunities is received in a timely manner, would be the responsibility of the Economic Development Department and related committees.

6.3 Leveraging Resources

As discussed in the body of the report, the municipalities do not have the necessary resources to develop full-fledged Investment program of their own. A good understanding of what is already available in the region in regards to economic development will ensure that opportunities are not missed. For example, in past years Development Thunder Bay has completed a full-fledged Inward Investment program aimed at the U.S. Midwest market in selected target markets. The program cost around \$250,000 and included the delivery of over 2,000 proposals to manufacturing companies in the US Midwest. The program also included following up by phone and it resulted in 187 leads. Out of these leads, approximately 10 could have been considered hot leads. Two or three of those actually visited the region and maybe one started the process of negotiating a possible relocation or investment into the area. (*Source: Development Thunder Bay presentation to City Council, February 19, 2001*)

As these numbers illustrate, the cost of attracting outside investments can be staggering and the payoffs limited. Even though Thunder Bay was able to leverage a large amount of this investment from other government agencies, such opportunity may not be available to smaller centres like Gillies and Oliver Paipoonge. It is important then, that all efforts should be made to develop a regional strategy through organizations such as NOMA (Northwestern Ontario Municipal Association), NODN (Northwestern Ontario Development network) and NOACC (Northwestern Ontario Associated Chamber of Commerce) so that any potential investors coming to larger centres such as Thunder Bay will also have the opportunity to visit Gillies and Oliver Paipoonge. Again, this is part and parcel of the communication strategy, i.e. receiving information relevant to the needs of the community.

An excellent leveraging tool, especially in smaller municipalities, is the ability to bypass layers of bureaucracy that would be present in larger environments. In other words, you are closer to the action. That in itself will not ensure that things will get done in an efficient and effective manner.

However, the Economic Development departments (e.g. administrative staff) have the potential to become a one-stop-shop for the community as a whole, and greatly streamline the process of economic development, expansion, and ultimately planned growth and prosperity. This can be accomplished by making available to potential investors all relevant information needed in the decision-making process, including prices, zoning, and land/building availability for site location, and providing a facilitating role with all key stakeholders in the area.

A great leveraging opportunity is being made available by Ontario Community Profiles Online, a service provided free of charge by the Ontario Investment Service through the Ministry of Economic Development and Trade. As an integral component of Ontario's Investment Attraction Web site, the Community Profiles contain information about Ontario communities that site selectors and foreign investors are looking for in order to make informed and timely decisions about where to invest. While Oliver Paipoonge is already using these services, the Web site will be updated while Gillies' new community profile will be uploaded. Contact information is listed in section 5.4.1

6.4 Performance Indicators and Timelines

The intent of this section is to clearly identify performance indicators that can be reviewed, evaluated and measured. This process should be flexible to allow for change with time and circumstances, and include both short-term and long-term approaches.

The performance indicators will flow from the vision, an economic development framework and sound policy statements (i.e. help strengthen, modernize and expand the tourism industry in a manner consistent with maintaining a high quality of life. Encourage the area youth to develop an interest in and skills for entrepreneurial careers).

Other short-term objectives may be to foster and facilitate the expansion of exports to foreign countries while attracting non-competing investment into the area. While such objectives will require other intermediate steps (i.e. identify future industrial land site supply, encourage new communications infrastructure investments, expand opportunities for new residents through the attraction of Physicians program network) the short-term effect of implementing such strategies may be measured as such over a two-year time frame:

- achieve at least a 1 percent growth in taxable assessment per year (total including residential, industrial or commercial)
- attract 1-2 investment projects into the area
- assist 1-2 local companies in expanding their business into related areas of expertise
- Help local companies establishing a presence in the US and Western Canada markets
- work with 4-5 area companies to help them re-position their companies for long-term tourism and recreation opportunities

Impacts:

Detailed below are the broader, long-term effects linked to the program goals and vision:

- making companies more competitive
- identifying new business opportunities
- establishing key business and industry contacts
- growing the local economy
- business retention and expansion
- youth retention

Indicators

Listed below are the performance measures that will indicate the overall success of the program at the community level:

- sustaining jobs
- creating new jobs
- building value-added jobs
- building capacity
- re-investing and diversifying
- increasing taxable assessment
- enhanced opportunities for local training initiatives

6.5 How to Measure Success

Key Success Factors: how we are going to measure success – use same survey as 2001 and compare results

- **Growth in tax assessment** in commercial, industrial, and residential tax base through planned development and economic expansion. Assessment levels by class and in total for each community should be prepared. Future changes can be compared to these base years to determine the level of success in achieving growth and diversification of the tax base.
- **Increase in the number of people who visit the community** (i.e. tourists to the area) and extend their stay, thereby contributing more tourist dollars to local businesses and the local economy. These numbers can be derived from tourism statistics and from surveys with local businesses.
- **Population growth** to measure the net inflow of people into the community. Planned population growth is an indication of sound planning and economic expansion. Even though there is some debate about the value of this information, much good information can still be determined by analyzing the mix (i.e. relative age of the population, to determine future service needs and availability of workforce, etc.)
- **Increase in disposable income** is ultimately the measure of wealth in any community. In fact it is not sufficient to measure the number of jobs being created if we are replacing higher paying

jobs with lower paying ones. This information is available from Human Resources Development Canada and from Census numbers.

- **Maintain and enhance a high quality of life.** Quality of life is a combination of many indicators, including those identified above. It also comprises education, health, recreational facilities, environmental consideration (quality air, water) and proper infrastructure including roads. All these factors make a community a better place to live, work, and play and enhance its marketable potential to attract new investments.

6.6 Follow Up - Maintaining Momentum

Maintaining momentum is part and parcel of an effective economic development strategy. In fact, seizing the opportunity and seeing it through to the end can mean the difference between success and failure. While a lot of effort is usually dedicated in attracting new investments in the community, 80% of business growth comes from the expansion of present businesses. Sufficient resources and attention should be dedicated to this sector to ensure momentum building, while new opportunities are being explored.

Any news regarding positive economic developments should be fully exploited. The municipalities of Gillies and Oliver Paipoonge are already doing a good job in this area, and the awareness of opportunities in the area will increase accordingly. People want to know what is going on and ongoing announcements of events and/or business developments and activities will keep them interested. Consistent implementation of the marketing and communication strategy will ensure that the communities of Gillies and Oliver Paipoonge can maintain a place of relevance and prominence for years to come.

7 APPENDICES

Appendix A – Gillies’ Trends and Opportunities Survey

Appendix B - Gillies’ Community Profile Survey Results

Appendix C - Gillies - Community Profile Template

Appendix D - Oliver Paipoonge Community Profile Template

Appendix E - Gillies Taxable Assessment Trends

Appendix F - Oliver Paipoonge Taxable Assessment Trends

APPENDIX A

TOWNSHIP OF GILLIES
Community Profile Project
Trends & opportunities Survey

1. Are you a: Business Owner Residential Owner

2. What are in your opinion the best development opportunities:

Manufacturing Recreation & Entertainment Facilities Tourism

Residential Development Other (please describe) -

3. Please identify your level of satisfaction with the Municipality:

Extremely satisfied Satisfied
 Somewhat satisfied Not satisfied

4. Please list the strengths and weaknesses of the Township of Gillies' economy (i.e. strengths: availability of good paying jobs, educational/training opportunities, quality of life, etc. Weaknesses: economy not diversified, high cost of transportation, high tax rates, etc.)

Strengths: _____

Weaknesses _____

5. What would in your opinion have the greatest impact on the Township in the years ahead:

	<u>In 5 years</u>	<u>In 10 years</u>
Forestry Issues	<input type="checkbox"/>	<input type="checkbox"/>
Diversification	<input type="checkbox"/>	<input type="checkbox"/>
Population and Demographics	<input type="checkbox"/>	<input type="checkbox"/>
Tourism	<input type="checkbox"/>	<input type="checkbox"/>
Recreation	<input type="checkbox"/>	<input type="checkbox"/>
Small Business Growth	<input type="checkbox"/>	<input type="checkbox"/>
Outside Investments	<input type="checkbox"/>	<input type="checkbox"/>
Farming	<input type="checkbox"/>	<input type="checkbox"/>
Education and Training	<input type="checkbox"/>	<input type="checkbox"/>
Land Use	<input type="checkbox"/>	<input type="checkbox"/>
Other _____	<input type="checkbox"/>	<input type="checkbox"/>

February 3, 2008

Dear Community Resident:

Pullia Accounting and Consulting has been commissioned by the Township of Gillies to develop a community profile of the municipality, to be used for investment purposes. As part of this project, a report will be prepared to help the township expand its economic development efforts.

In the development of a comprehensive, strategic economic development plan, it is important that the community be involved. In this regard, attached you will find a quick survey. Please take a few minutes to fill it out and drop off at the Township Office at your earliest convenience (within a week if possible). Alternatively you can drop it off at the dump or at the convenience store.

We look forward to receiving your valuable input in what promises to be an exciting occasion to be part of the planning and future direction of your community. If you have any questions please call Karen Caren, Clerk-Treasurer, at 475-3185.

Sincerely,

Frank Pullia, CMA
Project Manager

APPENDIX B**TOWNSHIP OF GILLIES – COMMUNITY PROFILE PROJECT****SUMMARY OF COMMUNITY SURVEY**

As part of the development of the Township of Gillies' community profile and economic development training, a questionnaire was designed to seek input from business, and residential respondents. In total, thirty respondents participated in the questionnaire, eighteen of which (or 60%) were residential and five (or 16.7%) business. Of the thirty, twelve (40%) classified themselves as both residential and businesses (home-based business). Given a total population of 544 (2006 Census), the response rate was 5.5% or higher than average for a survey of this kind (1-2%).

In order to have any statistical significance (i.e. representative of the general population), a survey needs a minimum of 50-60 respondents. However, even a small sample such as this one, when analyzed as reflective of the 219 households in Gillies (or 13.7% response rate) does convey a general sense of direction from the community as a whole. The key findings are as follows:

1) **Business Owners: 5 Bus/Res.: 12 Residential Owners: 18**

2) **Best Development opportunities:**

- Manufacturing = 7
- Recreation and Entertainment = 15
- Tourism= 12
- Residential Development = 12
- Other = 6 (Home-based businesses; Now is not the time; Rural Living; Vegetable and berry gardening; Plant trees on vacant farm land that is not farmed; small business service, auto repair, carpentry, electrical, upholstery, animal service; remote cottage lots, more tax dollars for the Township; farming and specialty crops)

3) **Please identify your level of satisfaction with the Municipality:**

Satisfied = 16 or 70% Somewhat Satisfied = 7 or 30%

Extremely Satisfied = 0 Not Satisfied = 0

4) **Please list the strengths and weaknesses of the township of Gillies' economy**

Strengths:

- Country living (4)
- Good (high) quality of life (7)
- Bedroom community within close proximity to a city with good paying jobs and post-secondary education facilities
- Quality of life, excellent public school, active community centre, sense of community, people that care about the environment.
- It is rural living, leave it that way

- Quite place to live, beautiful scenery (except for clear cut scars) therefore attractive for residential development (get away from it all) and tourism
- Relatively low taxes
- Environmental quality of life, close to nature but only a 40 minute drive to city conveniences
- Location, community spirit, nice people, good winter roads plowing
- Right now not much
- Active community groups and community centre, drama, exercise, karate, diskings, special occasions. We have a public school. Only 40 minutes from Thunder Bay. Have a highway maintenance yard at HWY 595 and 588. Close to airport. Have a convenience store with fuel. Tourism related businesses. Close to Oliver Lake for boating and swimming.
- No pollution, breathing real air, drinking & recreation in clean water
- Rural, rural, rural! Great people! Fresh air, sunshine, bush!

Weaknesses:

- Limited jobs opportunities. Distance from education and opportunities.
- Distance from larger centre (Thunder Bay), no public transportation, no enough high-speed Internet access
- High cost of transportation (5), taxes
- Cost of transportation to the city high, but it is offset by lower taxes (compared to the city)
- Would like to see bus transportation Nolalu to Thunder Bay Mall. Also coin-op car wash and tire repair in Hymers area
- Ability to maintain a fire team (2). Lack of young families to maintain the excellent school
- High taxes with little service given. Economy?
- High tax rates
- Inconvenience due to distance from services
- Municipally funded recreation not available, low tax base but not low taxes
- Limited facilities, isolation, gasoline costs.
- More help for seniors. Beautify Township (cut weeds on side of the roads, etc.). Need a flea market in the summer on week-ends to bring people to the area. Recreational trails for walking, skiing, etc.
- Not enough volunteer staff. Local museum only open by appointment and summers (not regularly open)
- Lower tax base. Attracts dedicated rural residents only (limits growth)
- Lack of start up guidance for cottage industry
- Land use restrictions, political bickering, dusty roads in summer time.
- Population is aging. Need to sell our community to young people with children as great family environment.

- No welcome to new residents, too many vacant homes, residents on western portion of township are left out of flyers, etc. (new residents don't even know they are in Gillies.

5) What would in your opinion have the greatest impact on the Township in the years ahead:

	<u>In 5 years</u>		<u>In 10 years</u>	
Forestry Issues	11	<input type="checkbox"/>	4	<input type="checkbox"/>
Diversification	7	<input type="checkbox"/>	6	<input type="checkbox"/>
Population and Demographics	11	<input type="checkbox"/>	11	<input type="checkbox"/>
Tourism	7	<input type="checkbox"/>	8	<input type="checkbox"/>
Recreation	8	<input type="checkbox"/>	9	<input type="checkbox"/>
Small Business Growth	11	<input type="checkbox"/>	13	<input type="checkbox"/>
Outside Investments	3	<input type="checkbox"/>		<input type="checkbox"/>
Farming	13	<input type="checkbox"/>	8	<input type="checkbox"/>
Education and Training	6	<input type="checkbox"/>	7	<input type="checkbox"/>
Land Use	11	<input type="checkbox"/>	9	<input type="checkbox"/>
Other _____		<input type="checkbox"/>		<input type="checkbox"/>

Within 5 years, respondents felt that farming issues would have the greatest impact on the township, followed by forestry, land use, and population/demographics and small business growth.

Within 10 years farming is viewed to decrease as an issue, overtaken by small business growth, population/demographics, land use, and tourism/recreation issues.