

# Eastern Ontario's Economic Development Strategy

February 2014





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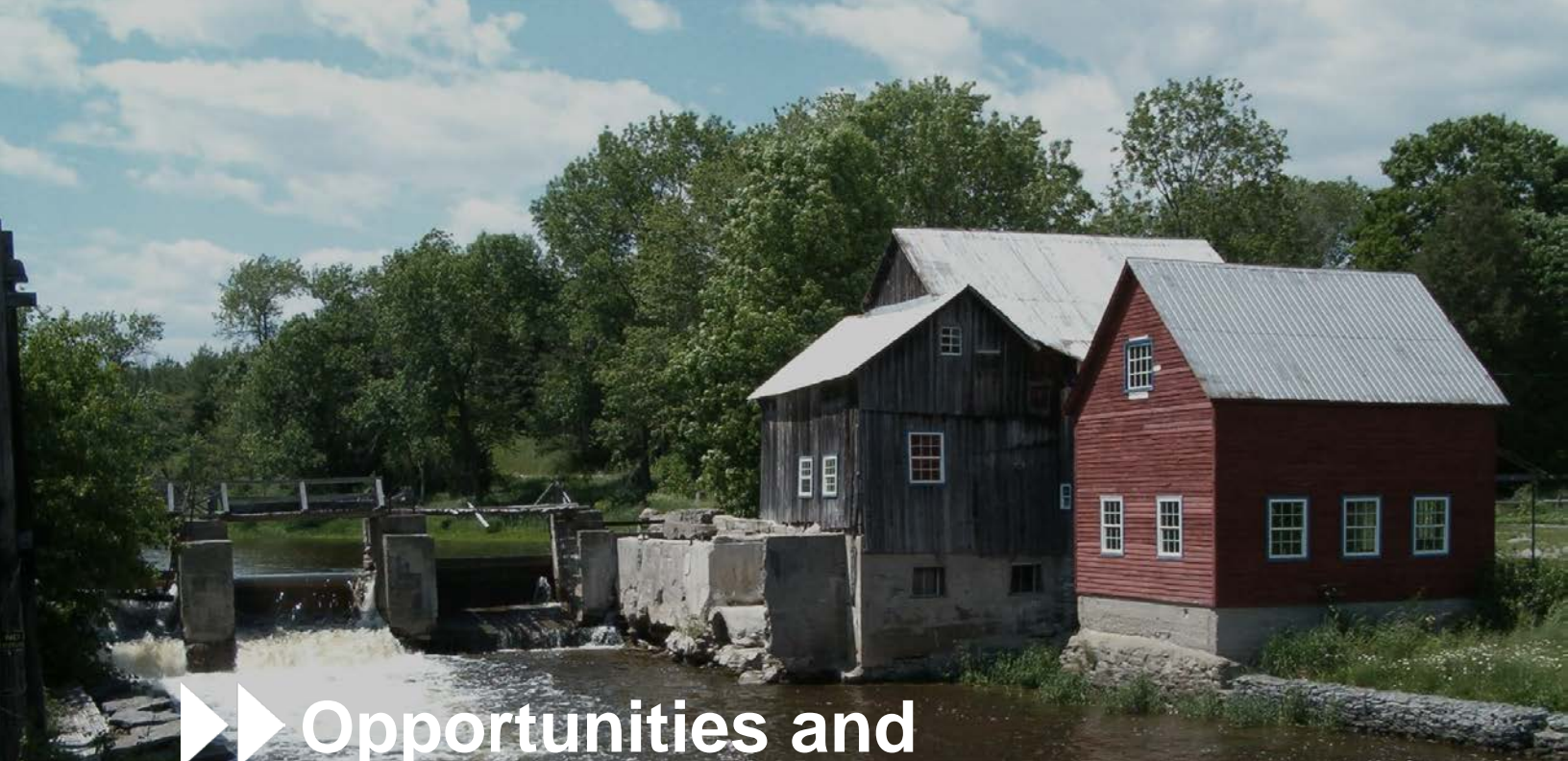




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# ▶▶ Opportunities and Challenges ahead for Eastern Ontario

## Building on a Strong Foundation of Support

The Eastern Ontario Wardens' Caucus (EOWC) has long appreciated the contributions that economic development makes to the sustainability of the region and its constituent municipalities. With that objective in mind, it has worked to garner support and substantial levels of funding that has helped to build a stronger local and regional economy. Its successes include the Eastern Ontario Regional Network (EORN), Eastern Ontario Development Fund (EODF) and Eastern Ontario Development Program (EODP).

In particular, the EORN is a strong indicator of the success that can be achieved through regional collaboration. Having recognized the importance of broadband connectivity, EOWC undertook to understand and capitalize on the economic, social and other gains that would result in extending broadband access to the residents, businesses and institutions of Eastern Ontario. It then structured an

action plan that built the partnerships and resources required to overcome the regulatory, technological and financial barriers that were impeding access to broadband. The result was a multi-year \$170 million commitment by the Local, Provincial and Federal Governments and the private sector to build a rural broadband network across Eastern Ontario.

The preparation of an Economic Development Strategy for Eastern Ontario has followed a similar formula – determining an overall vision of economic growth in Eastern Ontario and the specific opportunities that will realize on this vision; assessing the regional impact of these opportunities; and setting out an action plan that identifies the required partnerships and resources for moving forward. While the EORN project was in pursuit of a singular goal, the economic development strategy is broader in scope, identifying the strategic priorities considered essential to advancing the growth of the regional economy and contributing to the improvement of the underlying conditions for economic development across the region.





With the changing and competitive nature of economic development, achieving these objectives will require a different approach, orientation and definition of regional economic development in Eastern Ontario; one that understands that the nature of work is changing and that the skills and infrastructure needed to support this shift are also changing; and that the traditional forms of inward investment is declining in favour of small and medium sized enterprises and entrepreneurs. By necessity the strategy stresses the importance of a cross-sectoral and regional approach to dealing with the implications of a transforming economy and focuses on identifying cross cutting regional economic development opportunities that have implications for all sectors of Eastern Ontario's economy. It goes beyond both political and administrative boundaries and strives to effectively leverage the investment and economic development efforts of key stakeholders and our business community.

It is anticipated that this strategy will become a foundational document that informs and advises key stakeholders on the central priorities for economic development in Eastern Ontario and lays out a path by which they can act on these priorities. The strategy is also intended to play a key role in the coordination of various economic development initiatives being undertaken by local governments, the private sector, Ontario East Economic Development Commission, Eastern Ontario CFDC Network Inc. and the Provincial and the Federal Governments. Lastly, it is hoped that this strategy will be used to support and inform, but not displace the economic development efforts of local and regional municipalities.

## A New Approach to Economic Development

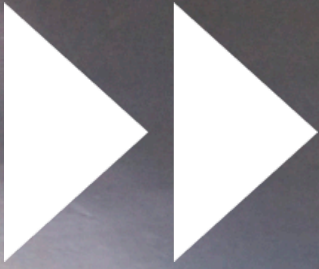
Eastern Ontario continues to be impacted by a dramatically and radically transforming economy

from what has gone before. Long term challenges of an aging society, market globalization, increasing energy costs, and changes in technology, promise to create ongoing issues for the region. This is coupled with evidence of heightened levels of investment by peer communities and regions looking to improve their level of service to existing and potential businesses. This reality affirms the need for a timely and collective regional approach that gives consideration to new approaches and new tools that recognize the systemic issues and challenges that are impacting our economic performance.

Where historically economic development has been driven by a competitive tax structure, the availability of serviced land, buildings, and an educated workforce, today's economic development efforts are adding new elements to the traditional approach that require more comprehensive and collaborative strategies. These include:

- ▶ **Supporting innovation and productivity within the business community;**
- ▶ **Development and deployment of workforce that is responsive to the existing and emerging needs of business;**
- ▶ **Leveraging cultural diversity to create linkages to emerging markets; and**
- ▶ **Deploying a broader regional view of sectors, markets, infrastructure and workforce to reflect the reality of business, industry supply chains and trade.**

Eastern Ontario must rethink the way it engages with its economy and with the opportunities it presents. To accomplish this, it must look beyond its past experience and envision the world as it will be – and as it could be if it is able to channel efforts and ideas in constructive, innovative and productive directions.



***Background  
and Strategy  
Development  
Process***







# 1 Background

## Purpose

While economic development at the local and regional level in Ontario provides a wide range of programs and services for purposes of attracting and retaining business investment, the Eastern Ontario Wardens' Caucus together with the Eastern Ontario Mayors Committee, the Eastern Ontario CFDC Network and Ontario East Economic Development Commission ("the partners") recognize the need for a more regional approach to resolving some of the Eastern Ontario's more challenging economic development concerns. This includes programs and initiatives that will foster workforce development, entrepreneurship, risk financing, technology innovation and product commercialization, immigrant attraction, and the use of information and communications technology for economic development.

## Outcomes

The Eastern Ontario Wardens' Caucus and its partners have been clear in their expectations and outcomes for this economic development strategy.

- ▶ **Identify opportunities to advance the economy of Eastern Ontario; and**
- ▶ **Improve the underlying conditions for economic development throughout the region.**

This will be accomplished in part, by effectively leveraging the ongoing efforts of the EOWC including recent research completed in conjunction with its economic development partners to advance a sustainable economic growth agenda in Eastern

Ontario<sup>1</sup>. The resulting economic development strategy is intended to generate opportunities and implement actions at the regional level which will support the creation of high quality jobs, as well as wealth and investment across the region.

## A Collaborative Approach to Implementation

The vision for this plan is far-reaching and will take some time to complete. Short term and longer term actions are required to achieve the strategic priorities set out in this Plan. Some actions can be moved forward immediately, while other matters will require further study and planning, and further dialogue with stakeholders, communities and government agencies.

Private businesses and associations, municipalities, community stakeholders, government and government agencies will all have a role to play in the implementation of the Plan. Effective implementation will also require region-wide collaboration across business, industry, institutions, associations and networks and economic development professionals. These partners will need to work together over the long term if the Plan is to achieve the vision of economic growth in Eastern Ontario.

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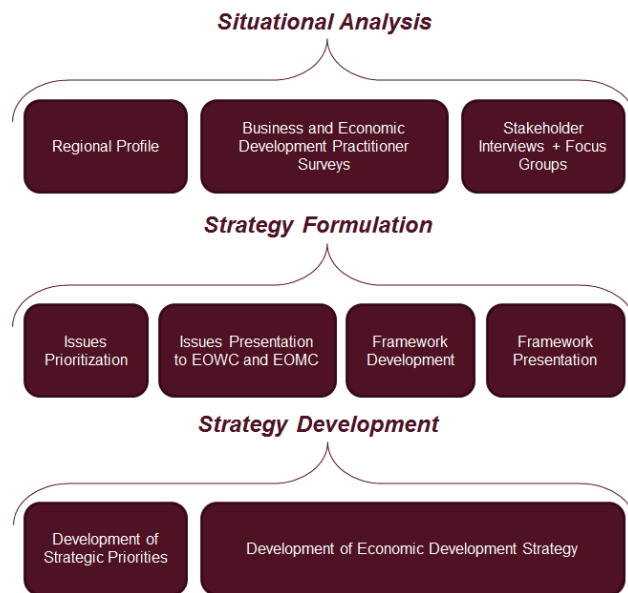
<sup>1</sup> Includes A Report on the Financial Sustainability of Local Government in Eastern Ontario 2012; Municipal Infrastructure, White Paper V5, August 2013; Municipal Affordability White Paper V5, August 2013





## 2 The Strategy Development Process

FIGURE 1: STRATEGIC DEVELOPMENT PROCESS



### Regional Economic Performance

The starting point for the Eastern Ontario Economic Development Strategy was a comprehensive analysis of the regional economy. The Regional Profile updates the 2007 Regional Data Profile and provides a current assessment of the region’s recent economic performance against a select range of demographic and economic indicators considered relevant to the development of the economic development plan combined with an analysis of current and emerging business and industry sector trends. Consideration has been given to reports, studies, and economic development strategies that were seen as having a direct impact on the overall direction of the strategy.

The results of this assessment have been used to inform the subsequent stakeholder discussions

about the opportunities and challenges facing the Eastern Ontario economy, and the opportunities to enhance the region’s value proposition for the attraction, retention and expansion of business, investment and residents to the region. A summary report is presented in **Appendix A**.

### Stakeholder Consultation

Ensuring that an Eastern Ontario Economic Development Strategy reflects the realities of the region and the need to secure broad-based support, an extensive consultation process was essential. One-on-one interviews and small group discussions were conducted between June and August 2013 that included representatives from business, economic development professionals, funders, educational institutions and representatives from senior levels of government.

These discussions provided further insight into the perceived economic growth potential of the region including the sectors/subsectors that may offer the greatest economic development potential; the type of physical and non-physical infrastructure considered essential to the future prosperity; and the quality of the regional workforce.

Eight focus group discussions geared to securing feedback on the emerging themes for the Economic Development Strategy were hosted in September 2013; two electronic surveys directed at the region’s economic development and business communities were also administered in cooperation with the EOWC, the EOMC, the Eastern Ontario CFDC Network, and several of the region’s economic development partners.



As of October 2013, input has been obtained from more than 750 business and community stakeholders.

The approach to stakeholder engagement for the Eastern Ontario Economic Development Strategy included:

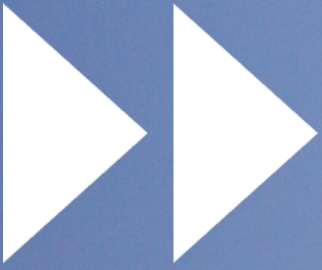
- ▶ **Strategic planning sessions with both the Eastern Ontario Wardens' Caucus and the Eastern Ontario Mayors' Committee to seek input on the priorities for the strategy**
  - June 2013
  - September 2013
- ▶ **One-on-one and small group interviews with 120+ community and business leaders**
  - From June 2013 to August 2013
- ▶ **Two online questionnaires geared to the region's economic development and business community – 500+ participants**
  - July 2013 to September 2013
- ▶ **Focus group discussions – 140+ participants**
  - Eight sessions conducted in September were held in Peterborough, Bancroft, Kingston, Brockville, Perth, Kemptville, and Hawkesbury

The engagement process yielded important insights into Eastern Ontario's business community and overall economy. In general terms, it is clear that the culture and character of the regional economy is characterized by tens of thousands of small businesses and that these same businesses rank the region's quality of life (e.g. cultural services, affordable housing, recreational pursuits and natural environment) as one of the prime attributes that give businesses in Eastern Ontario a competitive advantage in today's marketplace. These businesses also suggest that access to capital and innovation services that will stimulate development of new businesses, products or services are among the top priorities for economic development in the region.

The consultation also reflected the need for Eastern Ontario's post-secondary institutions to become more engaged in economic development initiatives and more responsive to the current and emerging needs of local business, particularly as it relates to skills development and training. Entrepreneurial support including the development of a peer network of firms from across the region was also seen as a significant opportunity to foster economic growth.

Section 4 expands further on the primary themes that emerged from the consultation process. A detailed summary is provided in **Appendix B** of this report





# *Mapping the Terrain*







## 3 Mapping the Terrain

Changes in the provincial and indeed global economy are having a direct impact on the growth of Eastern Ontario's cities, towns and regions. Hope for things to return to 'normal' after the near collapse of the global financial systems has faded. In its place is a growing demand for businesses and government to develop a new model for economic growth – one that is focused on technology development, network-based innovation, and collaborative leadership<sup>2</sup>. The following discussion reflects on some of the challenges that are seen to be impeding economic growth in Eastern Ontario and the province more generally.

### Ontario's Competitive Position is slipping

In recent polling conducted for the Mowat Centre's Emerging Stronger: A Transformative Agenda for Ontario – a study that captures Ontario businesses' confidence levels - less than half of Ontario businesses believe the economy is heading in the right direction<sup>3</sup>. In 2012, Ontario's GDP per capita ranked fourteenth among sixteen North American peers including the State of Michigan and Ohio - similar manufacturing-dependent states<sup>4</sup>. From 2011-2012, Ontario added \$150 to its GDP per capita, but despite the growth, Ontario was still lower than the North American peer median by more than \$750 GDP per capita<sup>5</sup>.

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2 Ed Morrison, Reimagining the Economic Development Profession: What would it look like if., 2013

3 Mowat Centre and Ontario Chamber of Commerce, Emerging Stronger: A Transformative Agenda for Ontario, 2013.

4 Institute for Competitiveness & Prosperity, Course Correction: Charting a New Road Map for Ontario, 2013.

5 Ibid.

Ontario's competitive edge is slipping. The 2013 issue of the Institute for Competitiveness and Prosperity Annual Report on Competitiveness, Productivity and Economic Progress in Ontario concluded that Ontario's productivity growth, levels of investment in sectors and innovation through research and development are not at the level required to drive competition or business growth. The report also acknowledges that public transportation, roads, and railways are not moving goods and people effectively after decades of underinvestment and that high youth unemployment - 16.9% in 2012<sup>6</sup> - is a signal that our youth lack the skills needed to excel in today's workforce.

Ontario's business leaders recognize the importance of investment, innovation and skilled workers in improving their productivity and gaining a competitive edge, but they fail to follow through on these activities<sup>7</sup>. New research by Deloitte shows that 72% of Canadian companies are under the impression that they are investing more than their competitors, but in reality are investing below the median for their size and sector when compared to its peer states<sup>8</sup>.

There is no question that in today's knowledge economy a talented, well skilled labour force can be the Province's and by extension, Eastern Ontario's most important asset. Re-tooling the workforce through investments in education, skills development for trades, stronger school to work pathways and greater access to a post-secondary education – on-site and online - is essential to building a more productive workforce and enhancing the region's prosperity.

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6 Ibid.

7 Ibid.

8 Bill Currie and Lawrence W. Scott, The Future of Productivity: A Wake-up Call for Canadian Companies, Deloitte LLP, 2013.



Despite the challenges facing the manufacturing sector, the Province's economic fundamentals remain strong. The economy continues to grow and create new jobs in the face of a challenging global environment and Ontario is seen as having a strong industrial base from which to create a competitive economy. The province is home to strong clusters throughout its metropolitan areas and trade corridors and has a higher share of employment in traded clusters than many North American states<sup>9</sup>. The 2013 Ontario Economic Outlook and Fiscal Review revealed that Ontario has recovered all of the jobs lost during the recession and employment is now above the pre-recession peak. More than 475,000 jobs have been created since the recessionary low in June 2009 and there are currently over 200,000 more jobs since the pre-recession peak. Job creation in Ontario has outpaced that of the rest of Canada, the United States and all of the Great Lake States<sup>10</sup>.

However, as a result of the underinvestment in manufacturing throughout the previous decade coupled with the high value of the Canadian dollar, Ontario's has experienced the greatest loss of employment and output in manufacturing when compared to its North American peers. More must be done to encourage a shift in manufacturing output towards high value-added investment through machinery and equipment and ICT investment that enhances productivity growth and to develop highly-skilled workforce that will sustain and expand Ontario's economy.

The annual report by the Institute for Competitiveness & Prosperity also points to opportunities in the Province's Agri-Food sector and attributes the growth in real gross value-added in

the agricultural sector to recent large scale productivity improvements in farming methods<sup>11</sup>. Here again however, it is clear that agriculture and agri-food producers need to continue to scale up and invest in new technologies and capital to expand their output<sup>12</sup>. Ontario's food and beverage sector in particular, is seen as having the greatest potential to jumpstart the province's agricultural sector and drive exports with high value added products particularly if attention is directed to developing overseas markets such as China, Brazil and Europe. This in turn could have a very significant impact on Ontario's rural economy and the province as a whole<sup>13</sup>.

## The Reality of the Eastern Ontario Economy

Eastern Ontario possesses a wealth of natural resources, offers excellent access to both domestic and international markets, hosts a dozen post-secondary education institutions and has a strong culture of community and entrepreneurship that is evident in municipalities across the region. This should provide the region with enormous opportunity, but the reality is that Eastern Ontario is experiencing low population growth over large areas, the steady out-migration of rural youth into urban markets often outside of the region, an aging workforce, and a shift away from manufacturing to a service based economy dominated by public sector employment.

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9 Institute for Competitiveness & Prosperity, Course Correction: Charting a New Road Map for Ontario, 2013

10 The Government of Ontario, 2013 Ontario Economic Outlook and Fiscal Review, 2013

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11 Institute for Competitiveness & Prosperity, Course Correction: Charting a New Road Map for Ontario, 2013

12 Ibid.

13 Ibid.

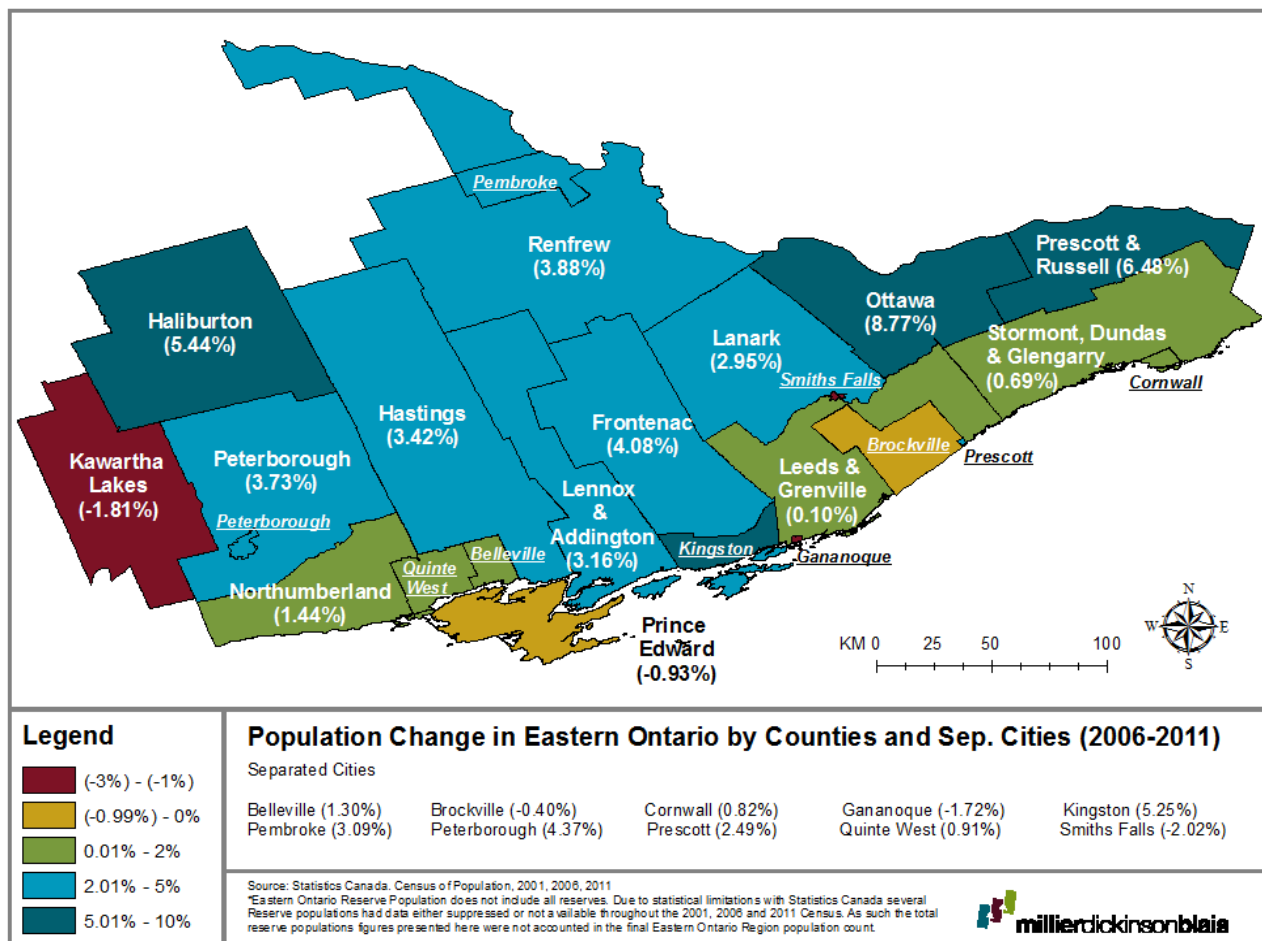


## Slow Population Growth

The 2011 National Household Survey reports that Eastern Ontario is home to over 2 million people representing 16% of Ontario's total population in 2011. Of the total population, 726,270 live within the eleven counties and two upper tier municipalities. An additional 395,627 live within the separated cities within Eastern Ontario. The City of Ottawa comprises less than half the total population (883,391)<sup>14</sup>. The fastest growing regions include Hastings County, the United Counties of Prescott Russell, County of Haliburton, County Renfrew and the County of Lanark.

While growth rates in the urban and rural areas are comparable over the period 2001 to 2011, 6.09% and 6.33% respectively, there is evidence that population growth is slowing, or in fact declining in some areas. From 2006 to 2011 Eastern Ontario's population - excluding Ottawa – has only increased by only 2.62%. It should also be noted that Eastern Ontario is growing at half the rate as the rest of the province - 6.2% compared to 12.6%<sup>15</sup> raising questions as to the long term sustainability of the region's workforce as the population reaches retirement. The map below illustrates population change across Eastern Ontario from 2006-2011.

**MAP 1: EASTERN ONTARIO'S POPULATION GROWTH 2006-2011**



14 Statistics Canada, 2011 National Household Survey, Census Profiles

15 Statistics Canada, 2011 National Household Survey and 2006 Community Profile, Census Profiles





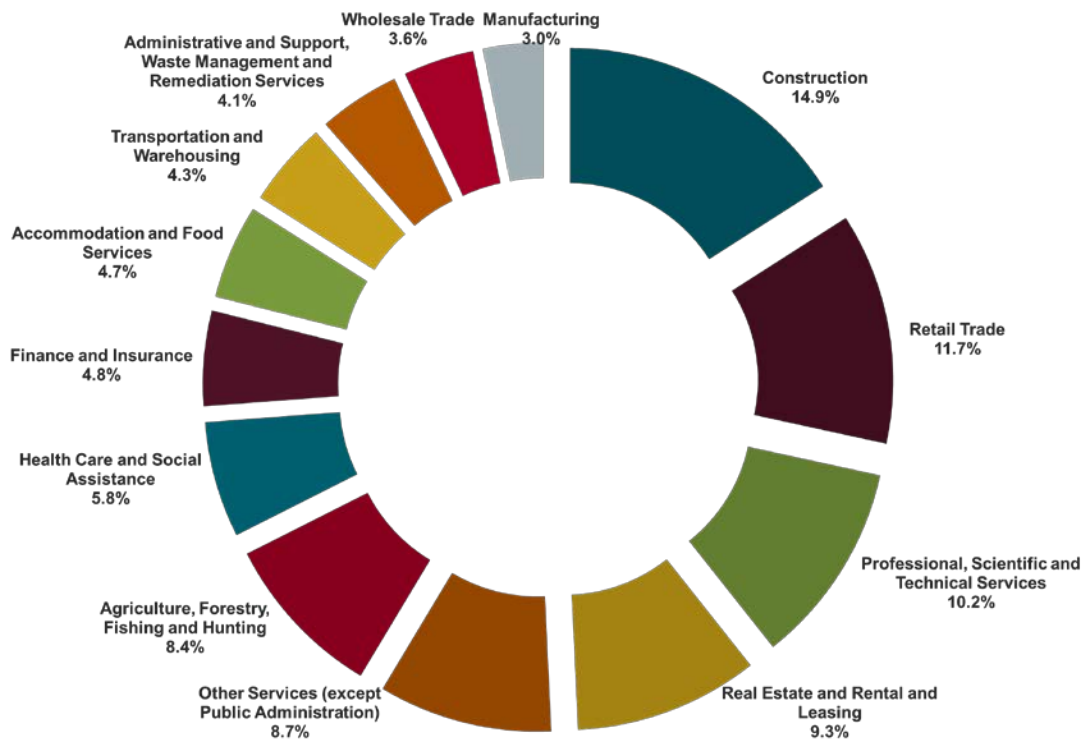
## An Aging Population

Much like the rest of North America, Eastern Ontario's population is aging; over 19% of the population is currently over the age of 65 with an additional 32% between the ages of 45 and 64. The aging of the region's population will have repercussions over time on the delivery of social services, housing, recreation, health care and the nature of the local business community. It also raises concerns about labour force replacement, and the potential for skill shortages over the next 20 years. As immigration is expected to drive Ontario's net labour force growth to an even greater degree on the coming years, reinforcing the importance of programs to attract newcomers to Eastern Ontario and promote effective economic integration will be essential.

## An Economy Dominated by Small Business and Entrepreneurs

Although Eastern Ontario has a number of major employers, the majority of business activity is driven by small business operations<sup>16</sup> and entrepreneurs. This has implications for economic development business support activities and programming, as well as land use and infrastructure planning across the region. Business pattern data reveals that approximately 98% of all Eastern Ontario's businesses are considered to be Small Businesses – 51% of these are classified as self-employed or sole proprietor operations. Based on 2012 information Small Businesses activity is concentrated in construction, retail and wholesale trade, professional, scientific and technical services and agriculture.

FIGURE 2: SMALL BUSINESSES ACTIVITY BY INDUSTRY, 2012



Source: Business Patterns December 2012

Note: Figure does not include industries with lower than 2% of the total small business activity in Eastern Ontario

<sup>16</sup> The Canadian Council of Ministers of the Environment defines business size according to the number of employees. Small businesses has less than 50 employees



Stakeholder consultation highlighted the importance of small business to the Eastern Ontario economy and confirmed the need for more business support services that were geared to the needs of these enterprises. This included access to innovation services support, access to capital and education and training.

The number of small business in the region, also make it essential to understand their site location decisions. Small businesses are more likely to rent space rather than build new, and are often seeking affordable rental space that will be convenient and attractive to their customers.

### Employment Growth Driven by Public Sector and Service Economy

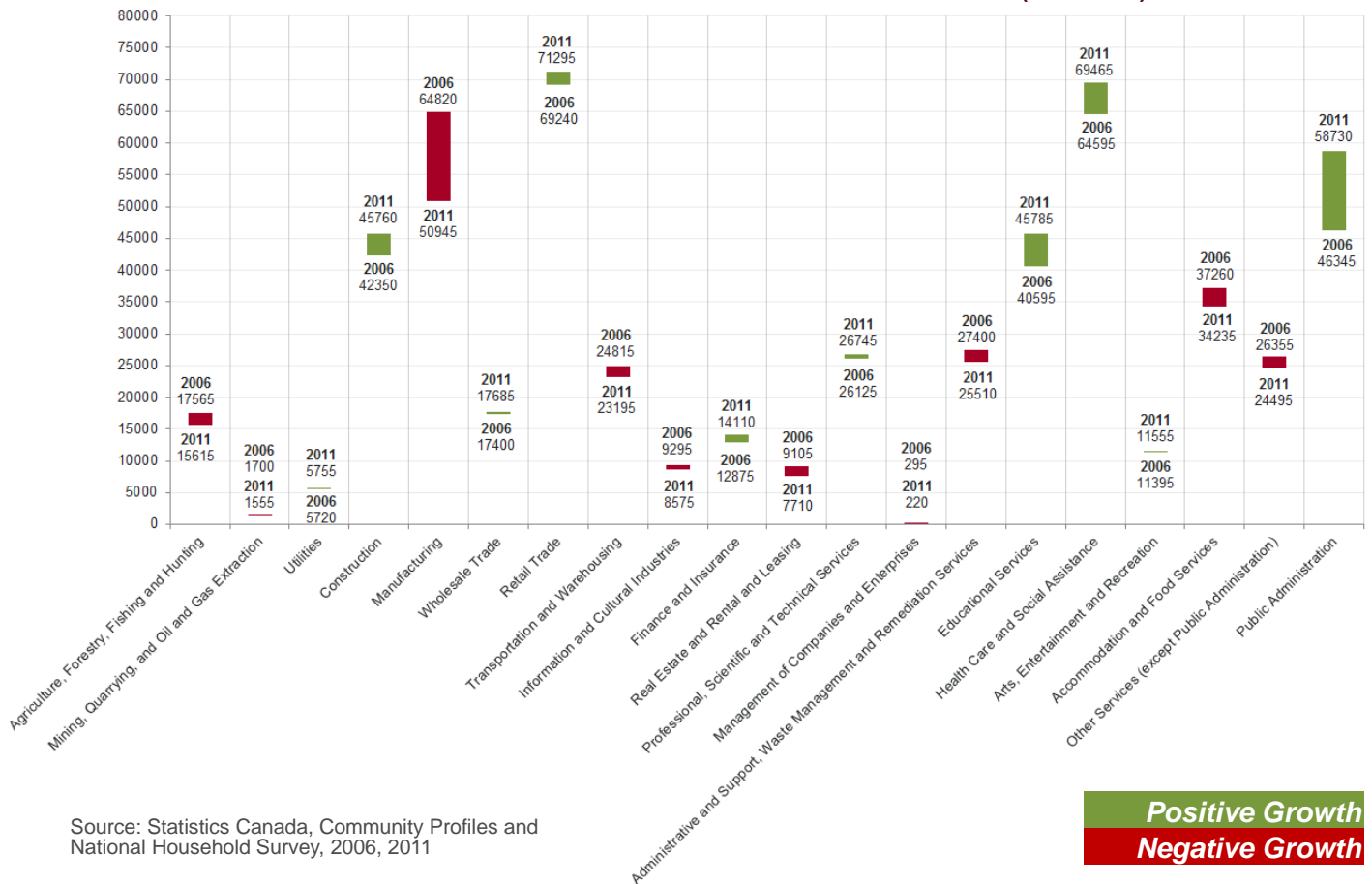
As has been the trend across the province, Eastern

Ontario has experienced a significant loss of employment in its manufacturing sector. From 2006-2011, Eastern Ontario's manufacturing sector lost over thirteen thousand labourers. In contrast, the region's public administration increased by over twelve thousand workers. Other sectors to see significant employment losses include:

Accommodation and Food Services (-3,025), Agriculture, Forestry, Fishing and Hunting (-1,950), and Administrative and Support, Waste Management and Remediation Services (-1,890).

Industry sectors that experienced significant growth in employment include: Public Administration (12,385), Educational Services (5,190), and Health Care and Social Assistance (4,870). Overall Eastern Ontario added a net gain of 4,310 workers; 1% growth from 2006 compared to a 3% increase provincially.

**FIGURE 3: EASTERN ONTARIO EMPLOYMENT NET GROWTH BY INDUSTRY (2006-2011)**



Source: Statistics Canada, Community Profiles and National Household Survey, 2006, 2011

**Positive Growth**  
**Negative Growth**



## **An Integrated Transportation Infrastructure Considered Vital to Future Economic Prosperity**

Eastern Ontario's air, marine, rail and road transportation infrastructure plays a key role in connecting the region to business opportunities in the Greater Golden Horseshoe, and connecting the Province to Quebec, New York and overseas markets. In an increasingly competitive and time sensitive global market, the ability to increase the speed at which goods, people and ideas move through an integrated network of transportation options can be a significant determinant of business and economic development success.

The recently completed Eastern Ontario Transportation Needs Analysis provides observations on the opportunities and challenges as it relates to the region's transportation infrastructure. Not surprisingly, given the geography of Eastern Ontario, the quality of infrastructure varies greatly across the region, as does the level of financial support to maintain it. The report also observes that the level of underinvestment in infrastructure by all levels of government is discouraging private sector investment at the very time when it is needed, economically.

Securing government investment in the upgrade and maintenance of major regional road corridors has emerged as a top priority for Eastern Canada. There is also recognition that transportation infrastructure planning requires a more regional approach to ensure that goods moving through the region do so seamlessly, incorporating and leveraging all aspects of a multi modal transportation network. The capacity of the region's municipalities to respond to infrastructure growth and revitalization demands is also identified as a key consideration in any long term transportation and infrastructure planning.

## **Long Term Financial Sustainability Remains a Challenge**

The 2012, Financial Sustainability of Local Government in Eastern Ontario report prepared for EOWC paints a sobering picture of the road ahead for the local governments in the region and adds a sense of urgency to future economic development budget and policy deliberations at the local, provincial and federal government level. The implications of a limited population base from which to pay for local services; an over reliance on residential tax assessment; increases in local government debt; and policy and program design conditions that limit participation of many smaller communities present major challenges to local governments' ability to generate sufficient revenues to sustain services and often to deliver those services in a cost-effective manner<sup>17</sup>.

A limited commercial and industrial tax assessment base means that Eastern Ontario relies almost exclusively on residential tax assessment as its primary source of revenue. This means that individual households are carrying almost all the cost of paying for local services, including services which are provided to provincial facilities and assets. Since 2000, municipal debt has grown by 216% in Eastern Ontario - from \$688 million to \$2.1 billion. That equates to roughly \$1,400 per household. By comparison, reserves are approximately \$900 per household.

Municipalities in rural Eastern Ontario are also being hampered in their ability to pay the costs of delivering services by design of policy and programs that limit options for participating<sup>18</sup>. As such rural Eastern Ontario is carrying most of the responsibility for the region's infrastructure – estimated at approximately \$3.5 billion.

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<sup>17</sup> Eastern Ontario Wardens' Caucus, A Report on the Financial Sustainability of Local Government in Eastern Ontario, 2012.

<sup>18</sup> Ibid.





These challenges will make it difficult to sustain local government services in the years ahead and further hamper economic growth. The situation requires policies and financial strategies which recognize the limitations of the assessment base and enable local governments to better manage costs of service delivery, and create more prosperous municipalities in a volatile economy<sup>19</sup>.

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<sup>19</sup> Eastern Ontario Wardens' Caucus, A Report on the Financial Sustainability of Local Government in Eastern Ontario, 2012.





***Shaping the  
Future: A Make  
or Break  
Imperative***







## 4 Shaping the Future: A Make or Break Imperative

The following discussion provides further insight into the perceived gaps and opportunities for Eastern Ontario based on input derived from an extensive consultation process that included business and community stakeholders, elected officials, educators, government officials and economic development professionals. The results inform the understanding of the region’s competitive position and the direction of the Economic Development Strategy.

### Perceptions of Eastern Ontario’s Future in 2013

While there was significant optimism across the region on the prospects for business or economic success in many sectors, businesses and communities, respondents to online surveys and participants in one-on-one/small group interviews did not perceive the region as having been successful in promoting economic opportunity or in advocating for changes through which the region could capitalize on these opportunities. The figure following summarizes these findings.

Note that there is a margin of error associated with self-administered surveys and this cannot be quantified because we do not know how closely the sample of respondents matches the total population of either businesses or economic development officials. As a result, the statistics above should be taken as ‘order-of-magnitude’ expressions of perceptions rather than precise point estimates. We do note that responses from the business community came from more than 20 sectors, ranging from agriculture and forestry to ICT and scientific/technical services. More than half (58%) of private sector respondents were owners of the businesses they represented in the survey.

FIGURE 4: PERCEPTIONS OF EASTERN ONTARIO

Factor	Business Community	Economic Development Community
Strength of own sector?	52% “flat” or “modest growth”	Not applicable
Strength of Eastern Ontario as a whole? Overall optimism for region’s future?	52% “flat” or “modest growth” 66% “somewhat or very” optimistic	60% “flat” or “modest growth” 77% “somewhat or very” optimistic
Optimism for your own sector?	70% “somewhat or very” optimistic	Not applicable
Optimism for your own community?	Not applicable	83% “somewhat or very” optimistic
Optimism for your own business	79% “somewhat or very” optimistic	Not applicable
Eastern Ontario as a place to grow a business?	60% “good to excellent”	68% “good to excellent”
Promoting Eastern Ontario as place to start/grow a business?	27% “good to excellent”	53% “good to excellent”
Advocating for improvements for Eastern Ontario?	38% “good to excellent”	53% “good to excellent”



In addition to the perception of the state of the Eastern Ontario economy, business survey respondents also flagged financial, innovation and labour force issues as the top priorities for the Eastern Ontario Economic Development Strategy.

**FIGURE 5: PERCEPTIONS OF EASTERN ONTARIO'S ISSUES**

Priority (based on online survey results)	Business Community	Economic Development Community
Access to capital/financing	33%	23%
Innovation Services (to stimulate development of new businesses, products or services)	32%	35%
Youth attraction and retention	31%	26%
Broadband/high-speed internet	29%	27%
Workforce – improve skill levels or education	23%	25%
Business networking (to encourage information-sharing, partnerships, joint bids/tenders)	23%	9%
Advocacy with upper levels of government on business issues	20%	24%
Transportation infrastructure	20%	31%
Regional marketing programs	20%	11%

Note: respondents were invited to choose as many as three priorities.

## Seven Major Themes Emerge from the Consultation Processes

The strategy's consultation processes yielded seven major themes to which stakeholders believe that economic development leaders in the region must respond. These include:

- ▶ **Providing the right infrastructure for business;**
- ▶ **Creating a stable and predictable business environment;**
- ▶ **Introducing a new regional approach to economic development;**
- ▶ **Delivering innovation services;**
- ▶ **Redoubling our efforts on workforce development and attraction;**
- ▶ **Re-inventing traditional sectors of the economy; and**
- ▶ **Accelerating the adoption of new technologies.**

### 1) Providing the Right Infrastructure for Business

Ranked as a top priority in seven of nine focus groups, this theme focuses on the need to ensure that infrastructure required for businesses to thrive is in place across the region. There was a sense that appropriate infrastructure is lacking or inadequate in many communities and underutilized in others. There was some support for thinking of infrastructure regionally, based on concepts of growth corridors and nodes, as well as cross-



boundary collaborations to maintain market and fully utilize infrastructure capacity. While municipal infrastructure attracted significant attention, there were also suggestions that infrastructure provided by others – especially in the training and labour force development field – also need attention.

- ▶ **Some stakeholders noted that the infrastructure needs and supply chains of larger (often manufacturing) firms are quite different than those of smaller businesses using locally available resources and labour force. Particularly, business/employer retention was viewed as being as important as attraction.**
- ▶ **At the time of consultations, rollout of the EORN project was not yet complete. There were still significant numbers of small businesses and institutions that were calling for improvements to Information Communications Technology (ICT) services such as broadband and cellular services.**
- ▶ **The need for integrating technology into the region’s economic sectors was raised by some as part of this theme (e.g. technology integration in education, manufacturing, agriculture, healthcare, tourism and retailing).**
- ▶ **Quality of life was seen by many as being strong, but others noted that the concept needs redefinition in Eastern Ontario to include career development opportunities, transportation system improvements for commuters, spousal employment, and socio-cultural supports.**
- ▶ **Many stakeholders see that there are underutilized infrastructure assets across the region (e.g. vacant land, buildings, water and sewer capacity) that could be leveraged to meet business needs. Further, there was a**

**call for consideration of a regional approach to common services.**

- ▶ **There was a sense that supply chain development includes more than trade and movement of materials, goods and services; some stakeholders believe that this includes human resource requirements and labour force mobility as well as infrastructure such as transportation services and logistics.**
- ▶ **Respondents suggested that there is a need for an integrated regional transportation network including Hwy 7, Hwy 407 extension, Hwy 35/115, Hwy 416, and Hwy 417. Education service providers noted that this concept also applied to their sector, mentioning multiple locations along Hwy 7 at which training and education services could be delivered.**
- ▶ **Multiple stakeholders called for further advocacy with the province for a funding model that would address the municipal infrastructure deficit (roads, bridges, water and sewer etc.).**

## **2) Creating a Stable and Predictable Business Environment**

Ranked as a top priority in eight of nine focus groups, this theme focuses on actions which would bring greater stability and predictability to the regional business environment. Many businesses called for a greater interest in economic and business development at the local level, as well as working with the business community on issues that diminish business competitiveness.

- ▶ **A number of stakeholders cited local attitudes toward business as a concern (e.g. some businesses reported lack of interest at the municipal level even when existing businesses – especially large ones – have the opportunity to move to other corporate locations). Others questioned the attitudes**





- ▶ of some local businesses, suggesting that there is a lack of urgency in the region's business sector and limited interest in/fear of "going global".
- ▶ Stakeholders are seeking a business environment that helps organizations retain employees (especially highly-qualified personnel).
- ▶ There was a call for greater stability and certainty associated with transportation services, including local and regional resilience in the face of weather disruptions (e.g. energy backups and redundancy to keep business functioning). For some, this resilience and emergency response capacity was seen as a potential regional competitive advantage.
- ▶ Electricity pricing in Ontario and the stability of the electricity grid was identified as a major concern by many businesses and other organizations with significant energy requirements.
- ▶ Some stakeholders called for the development of a regional strategy to secure more business through procurement policy directed at the region's MUSH sector.

### 3) Introducing a New Regional Approach to Economic Development

Ranked as a top priority in six of nine focus groups, this theme focuses on actions which would better utilize assets in the service of economic development, deliver related services more cost-effectively, and garner greater attention from upper levels of government.

- ▶ Both the EOWC and the EOMC are seeking greater information-sharing and collaboration among municipalities, most often related to planning for and the provision of vital infrastructure.

- ▶ Through a new regional approach, Eastern Ontario is expected to be able to attract the attention of the provincial government and be better able to advocate for the region's needs (example: stable, secure, price-competitive electricity supply; infrastructure funding).
- ▶ Stakeholders recognized that upper levels of government are seeking investment opportunities for large, pan-regional economic development rather than small, local initiatives; there is an accompanying expectation of financial partnerships and collaborative regional relationships, as well as Return on Investment (ROI)-focused performance measurement.
- ▶ For some stakeholders, there is a perceived need to pool resources devoted to marketing and promotion of the region.

### 4) Delivering Innovation Services

Ranked as a top priority in five of nine focus groups, this theme focuses on actions which will generate business and economic activity from the ground up, by supporting local entrepreneurs and enhancing linkages to innovation services to help businesses grow.

- ▶ There was a strong sense of greater need for entrepreneurship training and supports (e.g. mentors, advisory services). Some stakeholders noted opportunities for incubation services – particularly targeted toward start-ups and SMEs in specific sectors. This view was often accompanied by comments about the need to establish a business case for any incubator. Otherwise these facilities are not sustainable over the medium or longer term.
- ▶ Many concerns were raised about access to capital. It is not clear that stakeholders understand how to use new revenue



- ▶ generation tools (example: crowd funding) or how to be investment-ready for angel investors, venture capitalists or perhaps even conventional lenders.
  - ▶ Some sector-based innovations are already taking place (e.g. regionally-branded products) and these are seen as good models or case studies that could benefit others moving in the same direction.
  - ▶ Multiple stakeholders referred to the benefits of development and/or introduction of technology in most of the sectors of the regional economy – from new (digital) applications for online business to technologies embedded in other equipment (e.g. sensors, GIS etc.). There was a sense that there may be sectors in which Eastern Ontario could provide leadership and create economic development opportunities.
  - ▶ There was a sense that the supply chains for specific industries/sub-sectors are not well-understood across the region. In particular, larger firms may not know about suppliers outside of their own municipality and smaller firms may not know about opportunities to become part of large firm supply chains – even those quite close to home. The use of technology to improve supply chain management and utilization of regional suppliers was seen as being worthy of pursuit.
- ### 5) Redoubling Our Efforts on Workforce Development and Attraction
- Ranked as a top priority in five of nine focus groups, this theme focuses on actions which would expand and develop the regional labour force. There was a strong sense that there is insufficient, current data to use as the basis for developing an integrated regional labour force or even to help employers articulate their needs and find qualified candidates.
- ▶ Many stakeholders – including traditional service providers – suggested that the region lacks timely, accurate, high-granularity data by which to understand employer and workforce training needs. The region is seen as needing better competitive intelligence on this front, specially related to the integration of technology into the workplace.
  - ▶ There is a sense that employers are challenged to find workers with the right ‘fit’ – moving beyond skills and education to understanding business vision and strategy, fitting into the organizational “culture” and (sometimes) possessing the necessary work ethic.
  - ▶ Stakeholders identified four (4) sub-sets of the labour force for particular attention: a) highly-qualified personnel (e.g. engineers, health care professionals and skilled trades), b) second-career workers, c) youth and d) immigrants.
  - ▶ Particularly in one-on-one interviews, stakeholders called for more attention to the attraction of immigrants – especially those with investment resources – as well as addressing their socio-cultural needs.
  - ▶ There is a sense that the world of training, labour force development and education is changing quickly and that the region’s service providers have not capitalized on the opportunities embedded in these changes (e.g. Sense that there are major changes to the provision of these services, including internet-based programs and social media (e.g. Massively Open Online Courses – MOOCs, webinars).
  - ▶ The in-region availability of skills upgrading and training services was viewed as important and currently inadequate; some



stakeholders noted that employers now expect on-site and on-line training services to supplement “bricks and mortar” institutional alternatives.

- ▶ In some sectors such as forestry, there is a sense that those workers laid off during the economic downturn have “moved on” and are now unavailable as markets improve in related sectors. There is also evidence that skilled trades workers in Eastern Ontario are being recruited for relocation to regions of Canada where demand is higher (e.g. Alberta).

## 6) Re-inventing Traditional Sectors of the Economy

Ranked as a top priority in four of nine focus groups, this theme focuses on actions which would encourage and support adaptation to the “new economy” which is characterized by a shift to business and professional services, pervasive use of technology, and the ability of firms of any size to enter global markets (which also means firms in other jurisdictions can enter Eastern Ontario markets).

- ▶ Overall, there is a sense across the region that the pace of economic change has accelerated and many of our businesses and institutions are challenged to adapt to new circumstances.
- ▶ Stakeholders identified a need – and a desire – to capitalize on niche opportunities in traditional sectors (e.g. creation of a technology-enabled regional food network, stimulating uptake of new technologies in manufacturing and its supply chains, support for value added products emerging from the forestry sector, addressing the redevelopment and reinvestment needs of the tourism sector).

- ▶ Despite the view that tourism is a major part of the Eastern Ontario economy – and of interest to most communities – it is not the engine of the regional economy that some might think. Tourism accounts for 7.7% percent of regional employment and 6.6% of all businesses. This is far lower than healthcare or manufacturing for instance.

While tourism can and should remain a key part of the regional economy, it cannot be expected to shoulder the entire responsibility for generating investment, jobs and tax assessment that would increase Eastern Ontario’s prosperity.

- ▶ Despite the challenges which have beset manufacturing – and ongoing structural shifts that have led to dramatic business and job losses across the region, there is a sense of opportunity in this sector, especially if new technologies are deployed swiftly and wisely. Industry associations understand these opportunities and are working to capitalize on them.

FIGURE 6: PERCENTAGE SEEING A ‘MAJOR OPPORTUNITY FOR EASTERN ONTARIO’

Sector	Business	Economic Development
Tourism and Hosp.	69%	85%
Agriculture	60%	75%
Healthcare	53%	63%
Energy – Renewable	50%	49%
Cleantech	48%	41%
Construction	46%	47%
Arts & Culture	45%	N/A
Education	45%	51%
Transportation	41%	62%
Recreation	40%	44%
ICT	<40%	42%

All other sectors have percentages 40% or less





## 7) Accelerating the Adoption of New Technologies

Ranked as a top priority in one of nine focus groups, this theme focuses on actions which would link together regional businesses, institutions and other stakeholders, as well as increasing economic transactions and trade. For many stakeholders, adoption of new technologies was focused on either availability of generic services (broadband, mobile communications) or related to a specific sector.

▶ **Many stakeholders commented on the continuing need for better broadband and cellular services. However, many also acknowledged that the Eastern Ontario Regional Network was in mid-rollout and so availability might need to be reviewed after that process is complete at the end of 2014. Stakeholders also noted that capitalizing on the Network's existence is required to deliver an economic development ROI from the investment in EORN.**

▶ **There was a sense in online survey results, as well as one-on-one/small group discussions that there are opportunities for economic growth by capitalizing on technology, including:**

- Application of industrial robotics and digital fabrication (e.g. 3-D printing);
- Delivery of business education including entrepreneurship programs, online marketing or advanced manufacturing concepts (e.g. LEAN, JIT, supply chain management);
- Some industry associations /networks see opportunity to leverage technology to build a regional food network (traceability, online ordering, transportation and logistics, farmers' markets); and

- Stakeholders recognized that there a shift to online sales channels in the retail sector that is both a threat to “bricks and mortar” retail operations and an opportunity (if local retailers understand how to market and sell online).

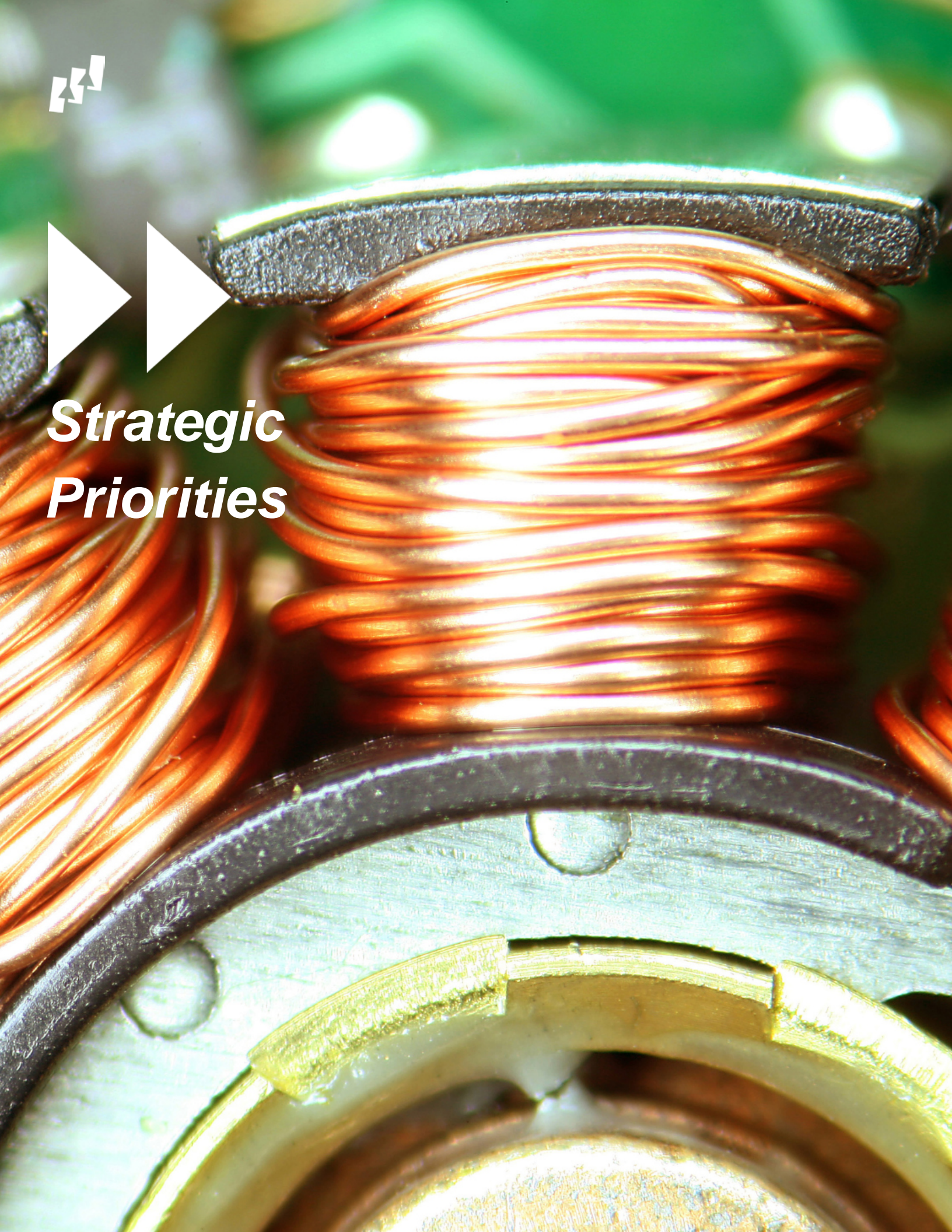
▶ **There is a view that Eastern Ontario has sectoral expertise in one part of the region that could be leveraged – via broadband – to the benefit of other parts of the region (e.g. manufacturing, ICT/digital apps, local food etc.).**

▶ **Some stakeholders suggested that there is an opportunity to differentiate Eastern Ontario based on the concept of a “smart” region (rather than an individual community) and technologies. The focus of most comments was on actually becoming and marketing the attributes of a smart region rather than seeking any particular external designation as such.**





***Strategic  
Priorities***







## 5 Strategic Priorities

Economic development is a dynamic landscape. No matter the community or region, there are always many forces and organizations involved. This is easy to understand when consideration is given to the scope and variety of programs and services considered to be “economic development”.

As noted previously, the Eastern Ontario Wardens’ Caucus and its partners have been clear in their expectations and outcomes for this economic development strategy.

- ▶ **Identify opportunities to advance the economy of Eastern Ontario; and**
- ▶ **Improve the underlying conditions for economic development throughout the region.**

The strategic priorities contained in this report reflect the necessary elements to achieve these outcomes and the actions required for realizing business and community stakeholders’ expectations over the long term

### Vision 2024

In 2003, the Eastern Ontario Smart Growth Panel prepared a vision statement that described Eastern Ontario in 2035. Many of the expectations articulated at that time also emerged through the consultation process undertaken to prepare the Eastern Ontario Economic Development Strategy.

For the purposes of this strategy, a 10 year vision has been adapted as follows:

**“Eastern Ontario promotes business growth as the backbone of a sustainable regional economy. Our municipalities and counties use best practices to support this growth,**

**and our region has earned a reputation as being progressive and innovative in our collaborations with the business community. We have built a culture of partnerships with business, institutions and organizations to support the growth and development of our workforce, business communities and entrepreneurs.**

**Eastern Ontario will be known for its highly skilled workforce and strong work ethic combined with a strong and diverse regional economy. People of all ages will have economic opportunity and choices for exciting work and lifelong learning. The region’s economy is fuelled by its world-class educational institutions and diverse and innovative business community supported by an integrated and intelligent transportation system that enables the effective and efficient movement of goods, people and ideas across the region.**

**Eastern Ontario will be a dynamic and prosperous place to live, work and play in harmony with the natural environment. The region’s vibrant rural and urban communities, steeped in tradition and rich in history, will continue to attract people and visitors seeking a high quality of place experience. Growth of the region’s communities will respect and incorporate the area’s natural assets, ensuring a positive legacy for future generations.<sup>20</sup>”**

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20 Eastern Ontario Smart Growth Panel: Shape the Future, Discussion Paper, 2003

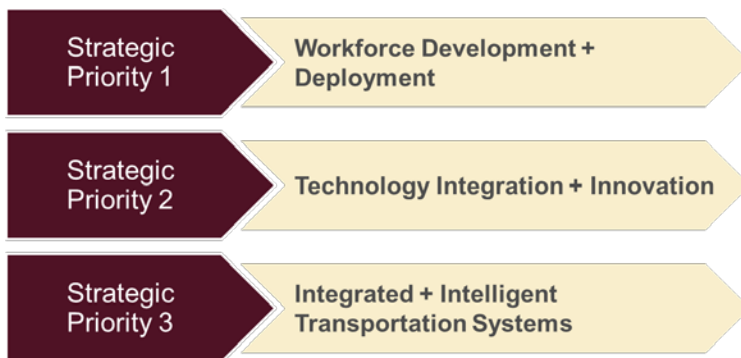




## Taking Action

Based on the input derived through the Strategy’s consultation phase together with the need for a cross-sectoral and regional approach to dealing with the implications of a transforming economy, the Eastern Ontario Economic Development Strategy is underpinned by three strategic priorities centred on cross cutting regional economic development opportunities that have implications for all sectors of Eastern Ontario’s economy.

FIGURE 7: STRATEGIC PRIORITIES FOR EASTERN ONTARIO



The associated actions serve to advance activities around each the three priorities and are provided and prioritized as **SHORT TERM (2-3years)**, and **LONG TERM (3-5 years)**. It is anticipated that near term efforts will be directed to establishing an appropriate governance model for the delivery of the strategy and the development of detailed implementation plans

It should be noted that prioritization of these recommendations is intended to reflect a logical sequence of activities, with long term efforts building on the work and results of the short term actions. As noted, more detailed implementation plans will be required to address needed resources and detailed timing of each action.

## Priority: Workforce Development and Deployment

A recent report completed by McKinsey Global Institute warns that the forces that have caused imbalances in advanced economies in recent years will grow stronger and that similar mismatches between the skills those workers can offer and what employers seek will appear in developing economies. The result will be that far too few workers will have advanced skills needed to drive a high-productivity economy and there will be far too few job opportunities for low skill workers in developing economies<sup>21</sup>.

While Ontario has enjoyed a period of labour force attraction, the province and by extension Eastern Ontario is now facing increased competition for talent, particularly from Canada’s western provinces, and internationally. Higher unemployment rates in Eastern Ontario compared to the high growth provinces raises concerns for people in many communities across Ontario. These trends suggest that there are fewer young people available in the labour force to replace those who are leaving, resulting in a greater percentage exiting the labour force than entering the labour force through to 2021.

While the significance of these trends may vary by community or industry, competitive positioning and economic sustainability will be significantly influenced by the ability of the region’s businesses to access talent when it is needed. A region’s competitive advantage is influenced by access to a skilled and talented labour pool that is poised and positioned to respond to changing economic conditions. Results from the strategy’s consultation process indicate that Eastern Ontario employers

21 McKinsey Global Institute, The World at Work: Jobs, Pay and Skills for 3.5 Billion People, June 2012



recognize the challenge of finding employees who are a good “fit” with the organizational culture, and are equipped with the skills and knowledge required. These two issues, along with the absence of valid, timely local labour market information are significant issues for Eastern Ontario’s municipalities and require a proactive response to labour force concerns.

### ▶▶ Workforce Development + Deployment Recommendations

Recommendations	Suggested Partners
<b>Short Term Actions</b>	
<b>Objective: Strengthen the access and quality of labour market intelligence to address the needs of business and individuals</b>	
1. Strengthen local labour market intelligence through a validated local job demand vacancy reporting system that is further informed through the region’s Employer One survey results. The job vacancy reporting system captures near real time labour market demand by such criteria as industry activity, occupational demand, education, wages, municipality and/or county and/or Eastern Ontario.	EORN; Workforce Training Boards; Academic Researchers/ Post-Secondary Education Institutions; Contracted Consulting Services
2. Create an Aggregated Job Posting Service which builds on but does not replicate existing services (e.g. <a href="http://ca.jobrapido.com/">http://ca.jobrapido.com/</a> ; <a href="http://EasternOntarioJobShop.com">EasternOntarioJobShop.com</a> ). This site would aggregate all job postings across Eastern Ontario as a means of informing job seekers, and demonstrating the depth of opportunities; such information offers significant value to those looking to relocate to an area.	EORN; Workforce Training Boards; Post-Secondary Education Institutions; Contracted Consulting Services

Recommendations	Suggested Partners
3. Conduct a comprehensive labour force gap analysis that validates labour supply and demand at the municipal and regional level. Utilizing this intelligence to develop an evidence-based labour force strategy will ensure a collaborative approach to creating a skilled, resilient labour force that is poised to meet local employer demand, now and looking forward to 2025, and more effectively leverage the workforce planning efforts of community partners and the Province.	Workforce Training Boards; Academic Researchers/ Post-Secondary Education Institutions; Contracted Consulting Services
4. Create an “Eastern Ontario Online Training Network”; a portal for suppliers of education and training services in Eastern Ontario to showcase their course offerings and assist with youth retention and re-attraction. Enable users to search by key word or topic and ensure provider responsibility for updating content. Include links to Massively Open Online Courses (MOOCs) and employment agencies, home-based business association; and links to innovation services and entrepreneurship.	EORN; Workforce Training Boards; Consortia Of Public Sector Post-Secondary Education Institutions





Recommendations	Suggested Partners
<b>Long Term Actions</b>	
<b>Objective: Create opportunities to bring together business and education to increase dialogue focused on strengthening alignment between business needs and education programming and curriculum</b>	
5. Build collaborative relationships between Economic Development and educational institutions in support of experiential learning opportunities or student to business connectivity. Information may flow from an on-site business visitation program whereby interest in experiential learning (co-op, internship, etc.) may be identified	Economic Development Organizations;  Sector Based Organizations (Manufacturing, Agriculture, Construction etc.)
6. Similar to a Rapid Response Team, create a Strategic Workforce Opportunities Team (SWOT) to inform ongoing strategic thinking on regional workforce issues and alignment of programming that advances employment growth and job retention across Eastern Ontario. Solicit participation from upper and single tier municipalities and external agencies and organizations that are actively engaged in site location decisions, business development and workforce planning.	Upper and Single Tier Municipalities;  Chamber of Commerce;  Workforce Boards;  Industry Associations
<b>Objective: Strengthen an Innovative Economy through Diversity</b>	
7. Educate local businesses on programs and supports to increase cultural knowledge and workplace diversity. Promote cultural diversity by utilizing such resources as Career Edge Organization, Canadian Immigrant Integration Program (CIIP), <a href="http://leedsgrenville.com/en/invest/our-unique-advantage/immigration.asp">leedsgrenville.com/en/invest/our-unique-advantage/immigration.asp</a> , to more effectively	Manufacturing Associations  Contracted Consulting Services

Recommendations	Suggested Partners
8. Explore opportunities to increase immigrant attraction and retention. One option is to explore collaboration with The Association of Canadian Community Colleges (ACCC), through the Canadian Immigrant Integration Program. CIIP prepares newcomers for economic integration while still in their country of origin. CIIP helps immigrants prepare for economic success by providing information, planning and online support through partners in Canada. CIIP offices are located in China, India, Philippines and the United Kingdom and services are available in additional service delivery locations. <a href="http://www.newcomersuccess.ca">www.newcomersuccess.ca</a>	EO Network Inc.  OEEDC  Consortium Of Post-Secondary Education Institutions

## Priority: Technology Integration and Innovation

Economically disruptive technologies—like the printing press in the Renaissance, or steam power in the Industrial Revolution or the semiconductor microchip and the Internet in today’s economy,—have transformed the way we live and work, enabled new business models, and provided an opening for new players to upset the established order.

In a 2013 report, McKinsey Global Institute identified 12 potentially disruptive technologies<sup>22</sup> whose direct impact is near enough (10 years) to warrant consideration in the preparation of any economic

<sup>22</sup> McKinsey Global Institute, *Disruptive Technologies: Advances that will transform life, business and global economy*, May 2013



development strategy. McKinsey has defined these as:

- ▶ **Mobile Internet** – mobile computing devices and Internet connectivity
- ▶ **Automation of Knowledge Work** – intelligent software systems
- ▶ **The Internet of Things** – network of low costs sensors and actuators for data collection, monitoring, process optimization
- ▶ **Cloud Technology** – use of computer hardware and software resources delivered over a network or Internet
- ▶ **Advanced Robotics** – capable robots with enhanced senses, dexterity and intelligence
- ▶ **3D Printing** – an additive manufacturing technique to create objects by printing layers of material based on digital models
- ▶ **Advanced Materials** – material designed with superior characteristics
- ▶ **Autonomous and near Autonomous Vehicles** – vehicles that can navigate and operate with reduced or no human intervention
- ▶ **Next Generation Genomics** – fast, low cost gene sequencing, advanced analytics
- ▶ **Energy Storage** – devices or systems that store energy for later use
- ▶ **Advanced Oil and Gas Exploration and Recovery** – techniques to make extraction of unconventional oil and gas economical
- ▶ **Renewable Energy** – generation of electricity from renewable resources with reduced harmful effect

The rapid rate of integration of these technologies promises to further disrupt and transform the economy of Eastern Ontario from manufacturing to

agriculture, retail to healthcare. There can be no doubt that technology and innovation will continue to shape the global economy and society as a whole over the coming decade. The only question is how and to what extent this shift will affect Eastern Ontario's comparative advantage to attract and retain investment and talent in key sectors and the ability to grow and expand the region's economy as a whole.

It is also crucial to recognize that important technologies can come in any field or emerge from any scientific discipline. What they have in common is their ability to drive a high rate of change and the potential for disruptive economic impact – including the loss of existing jobs.

The decline of the Province's and by extension Eastern Ontario's manufacturing sector is illustrative of the impact that technology is having on the economy. While the sector has been greatly impacted by trade liberalization and an appreciating dollar, it is also well documented that Ontario manufacturers lag the peer states in machinery and equipment investment by a significant margin. This in turn has contributed to low productivity growth and rates of innovation, as reflected by spending in research and development. The result is an eroding of our competitive positioning and significant job losses across the sector. While business leaders recognize the importance of investment and innovation in improving productivity and gaining a competitive edge, they have failed to follow through on these activities.





## Technology Integration and Innovation Recommendations

Recommendations	Suggested Partners
<b>Short Term Actions</b>	
<b>Objective: Assemble competitive intelligence that will foster incubation, research and testing, peer-to-peer networking, and information sharing among regional businesses, organizations, and institutions</b>	
9. Map and profile Eastern Ontario's Innovation Ecosystem to better understand the breadth of innovation services (local, provincial and federal), collaborative supports and local assets that can contribute to establishing a competitive advantage for the attraction of businesses and investors, contribute to the retention and expansion of existing businesses and assist with stimulate business start-ups. Include network of innovation sites, incubators, research partnering between universities and businesses, investment capital networks, and relevant workforce development programs.	Academic Researcher/ Post-Secondary Education Institution e.g. Queen's Entrepreneurs Group or 1125 Carleton;  Contracted Consulting Services
9.1. Identify and address gaps in innovation ecosystem	As above
9.2. Work with ecosystem partners to develop an online client/business pathways tool	As above
9.3. Leverage the programming and support of the Ontario Network of Entrepreneurs <a href="http://www.onebusiness.ca">www.onebusiness.ca</a> and the Industrial Research Assistance Program (IRAP)	OEEDC

Recommendations	Suggested Partners
10. Host a 'Meeting of the Minds' gathering on the impact and opportunities for digital fabrication and additive manufacturing in Eastern Ontario, bringing together key leaders from industry, academia and the investment community to explore ways in which emerging technologies may be piloted and commercialized in the region. This should include specific exploration of the possibility of creating a network of prototyping fabrication labs and maker spaces across Eastern Ontario.	Manufacturing Associations;  QMA;  OEEDC
11. Obtain Eastern Ontario business performance data from Statistics Canada including assets, liabilities, equity, investment, and other financial indicators by industry sector to improve understanding of how the regional economy is performing, its contribution to the larger provincial economy and the level of investment and innovation that is underway across the region.	Academic Researcher/ Post-Secondary Education Institution;  Contracted Consulting Services
12. Encourage existing industry associations to coordinate the creation of a regional manufacturing innovation network that brings together key institutional players and private sector business interests to identify research and joint venture opportunities.	OEEDC



Recommendations	Suggested Partners
<b>Long Term Actions</b>	
<b>Objective: Promote and expand the availability of traditional and non-traditional investment supports, and ensure accessibility for a wide range of local businesses and organizations</b>	
13. In partnership with the region's RTOs, develop an Eastern Ontario Tourism E-Kit to advance use of the internet/mobile internet/cloud computing to promote and enhance the contribution of tourism in the region. Provide the tools necessary to assist small and medium sized tourism businesses to more effectively market and manage their businesses online thereby enhancing the long term profitability and viability of tourism in Eastern Ontario.	EORN; EO RTOs
14. Develop new business models to bring agricultural producers and processors together with researchers, manufacturers, marketers and funding sources. Establish a working committee to identify opportunities to participate in research and product development, formation of joint venture enterprises to move innovation into the commercial marketplace and build on and off farm businesses that process / manufacture food and non-food products.	OEEDC; EO Network Inc.
14.1 Provide financial and technical support to build a regional food network portal.	EORN

## Priority: Enhanced Transportation Systems

Eastern Ontario is at the centre of an air, marine, rail, and road transportation network that plays a role in linking the Windsor-Quebec City corridor, one of the largest and most productive economic regions in the world. With economic opportunities focused on a global marketplace, it is paramount that this network offers the mobility and flexibility that enables goods to move in and out of the region at maximum speed. Investment in the expansion, improvement and maintenance of this transportation network is critical to Eastern Ontario and by extension the Province's economic growth. The forthcoming Canada EU Free Trade Agreement (CETA) provides further opportunity in this regard.

The quality of Eastern Ontario's infrastructure varies across the region and deficiencies in existing infrastructure are discouraging investment. Traffic rerouted off 401 cannot be handled adequately by secondary roads along detour routes, as they have not been designed or constructed to meet the standard of truck traffic; and of the more than 2,000 km of provincial roads and bridges downloaded to the region's municipalities, a significant portion is nearing the end of its life expectancy.

With trucking expected to remain the predominant mode of transportation for goods movement in Eastern Ontario, transportation planning and economic development planning needs to reflect a more regional approach. This will allow the region to leverage available resources more effectively and recognize the pan regional nature of commuter traffic, shipment of goods and the region's position in a competitive market place.

While knowledge based employment and the service sector are expected to drive moderate employment





growth in Eastern Ontario, the comparative performance of the region in sectors such as construction, transportation and warehousing, trade and agriculture suggests a notable portion of employment growth will be within sectors of the economy that rely on and demand efficient transportation systems. This includes investment in intermodal infrastructure that leverages all types of transport at key nodes in the region and border crossing infrastructure improvement and development that will enable greater levels of international trade.

**Enhanced Transportation Systems Recommendations**

Recommendations	Suggested Partners
<b>Short Term Actions</b>	
<b>Objective: Build the regional transportation infrastructure that improves Eastern Ontario's access to major domestic and international markets</b>	
15. Develop an integrated transportation network that supports efficient, cost effective movement of goods and people within the region and connects Eastern Ontario to key domestic and international markets	
15.1. Leverage the forthcoming Canada EU Comprehensive Economic and Trade Agreement as the means to enhance Eastern Ontario's vital transportation connections, intermodal infrastructure and bridge crossings.	EO Network Inc.; EO Transportation Study Steering Committee; Manufacturing Associations

Recommendations	Suggested Partners
15.2 Optimize multimodal transportation infrastructure in Eastern Ontario through the development of new intermodal facilities in conjunction/identification of strategic hubs	Contracted Consulting Services
15.3. Explore feasibility of non-traditional and innovative infrastructure including intraregional marine, shared storage, long combination vehicles, and intelligent transportation systems and dedicated trucking infrastructure.	Contracted Consulting Services
16. Pursue a moratorium on the decommissioning of Eastern Ontario's ports infrastructure and the removal of rail infrastructure.	EOWC; EOMC
16.1 Investigate the feasibility of constructing new and revitalized deep water port facilities in select locations across the region and opportunities to modernize and expand the region's existing rail network through the northern areas of Eastern Ontario.	EOWC; EOMC
17. Advocate for provincial and federal investment in <u>regionally</u> beneficial transportation infrastructure including the upgrading and maintaining of major regional road corridors, MTO downloaded roadways and the widening of Highway 401 between Cobourg and the Quebec border.	EOWC; MTO



Recommendations	Suggested Partners
<b>Long Term Actions</b>	
<b>Objective: Provide enhanced regional transportation services to area business and residents</b>	
18. Develop a strategy to create a “smart” overlay for the region’s transportation network that leverages the region’s broadband investment to ensure that travel across the region is as efficient and safe as possible.	EORN; EOMC
19. Pursue a strategy to develop and operate ‘non-traditional’ transit systems over existing roads to support the commuting patterns of a regional workforce. This should include:	EOWC; EOMC
19.1. Opportunities for private/NFP operated shuttles in core hours, car pool lots, transfers nodes between transit and other forms of transportation, and more extensive networks of bike lanes and trails.	EOWC; EOMC Private Transportation Firms
20. Advocate for the creation of an infrastructure investment fund to support upgrading, revitalization and expansion of regional airports including runway extensions, terminal expansion and customs services.	EOMC; EOWC; OEEDC





***Accelerating  
the Change***







## 6 Accelerating the Change

### A new Regional Economic Governance Model

One of the primary challenges for derailed or delayed implementation of any economic development strategy is the lack of financial resources and the reliance on volunteers who often don't have the expertise or the time needed to lead a regional economic development initiative. While in kind support from partner organizations can be explored, this too can present challenges in the face of shifting mandates and competing priorities. This is further complicated when trying to take action at a regional level where there may be deeply rooted jurisdictional and programmatic fragmentation.

The level of effort and coordination required to successfully implement the Eastern Ontario Economic Development Strategy will be significant. For this reason, it is essential that consideration be given to the appropriate governance structure through which business and community stakeholders, civic leaders and elected officials from across Eastern Ontario can regularly come together to make well informed, strategic and regional contributions to economic development.

It is recommended that an arm's length Economic Development Secretariat be created in the near term (12-18 months) to oversee the implementation of the Eastern Ontario Economic Development Strategy. The Secretariat would function as a forum for thinking and acting regionally; enable decision-making and effective collaboration between various agencies and organizations; and provide a focal point for the implementation and monitoring of the long term regional economic development strategy.

This group should be comprised of civic leaders, senior decision makers from government, organizations and institutions and representatives from the business community. The Secretariat would be responsible for:

- ▶ **Overseeing the creation and efforts of any related working groups;**
- ▶ **Serving as a conduit for information and policy positions with stakeholders;**
- ▶ **Tracking and reporting on the performance of the Eastern Ontario economy, as it relates to the strategic priorities of the Economic Development Strategy;**
- ▶ **Tracking and reporting on the overall progress of the implementation of the Strategy using agreed upon metrics;**
- ▶ **Undertaking advocacy on key issues as necessary; and**
- ▶ **Providing input on the approach to EODF/EODP programming and recommend resource allocation priorities based on the Eastern Ontario Economic Development Strategy**

The Economic Development Secretariat should be comprised of 10-member Board of Directors based on the following representation:

- ▶ **Two directors from EOWC, appointed annually;**
- ▶ **One director from the EO Network Inc. designated annually;**
- ▶ **One director from EODF's regional office (MEDTE) designated annually;**





- ▶ **One director from the separated cities, appointed annually by the EOMC;**
- ▶ **Two directors from the private sector; candidates to be identified and appointed annually by the Secretariat; and**
- ▶ **Two at large directors that reflects the changing mix of stakeholders based on the priorities in the Strategy; candidates to be identified and appointed annually by the preceding years Secretariat.**

Administrative and logistical support for the Secretariat and the implementation of the Economic Development Strategy will be essential. During the consultation phase of the strategy's development, a significant number of stakeholders commented on the need for branding the region and a more intensive marketing effort. Ontario East Economic Development Commission has a long history of focusing on this work, including the operation of (voluntary) sectoral teams and significant outbound marketing through trade events and lead generation efforts. The focus of this strategy is on strengthening the offerings on which regional branding and related marketing efforts could be based.

Any restructured regional economic development governance model would need to be supported by:

- ▶ **Improved competitive intelligence, sector expertise and regional supply chain knowledge - provided to Secretariat and shared with municipalities and stakeholder organizations;**
- ▶ **Ongoing and timely analysis of the regional economy including business performance data, workforce demand etc. - provided to Secretariat and shared with municipalities and stakeholder organizations;**
- ▶ **Project management oversight as it relates to regionally significant initiatives; emerging**

- ▶ **from the implementation of the Economic Development Strategy; and**
- ▶ **Oversight for and stimulation of pathways and linkages between entrepreneurs and innovators and available business support services – research, business planning, initial financing, commercialization etc.**

In consideration of this effort, it is recommended that the operation of the Secretariat be supported financially by both the upper and single tier municipalities. There are opportunities to contract out some of the needed services to a stakeholder or outside organization (e.g. Ontario East Economic Development Commission, Eastern Ontario Regional Network); however, this would need to be done in consideration of the longer term sustainable funding that will be required to ensure the effective implementation of the Eastern Ontario Economic Development Strategy.

## **Effective Leveraging of Business Infrastructure**

At the end of 2011, the 103 municipalities in rural Eastern Ontario held \$8.7 billion in capital assets required to deliver the full range of services for which local governments are mandated<sup>23</sup>. In the rural areas, these assets range from water/waste water systems, roads, bridges and libraries, recreational facilities, to homes for the aged, and fire stations. Transportation and environmental services in particular, require the largest financial commitment, both from the perspective of the initial investment and the associated ongoing maintenance. The quality of these assets also contributes to a municipality's ability to attract and retain business investment.

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23 Natural Capital Resources Inc., Municipal Infrastructure: Financial Sustainability of Local Governments in Eastern Ontario, August 2013



## Shared Service Agreements

Throughout the strategy development process, there was a consistent theme that municipalities in Eastern Ontario needed to consider more regional or sub-regional opportunities for the management of common services and infrastructure. This includes fostering the use of shared or common service agreements between municipalities – examples of which are evident in Alberta, Manitoba and parts of Ontario.

Shared service arrangements create opportunities for local governments the ability to offer a more complete range of economic development services than they may be able to do on their own, while at the same time reducing overall costs. Such arrangements also often enable local governments to better see and act on regional challenges and opportunities through shared decision making and service delivery structures – water/waste water capacity and systems, recreational facilities, libraries etc. This in turn could benefit landowners and developers and foster additional private sector investment or assist with development in a neighbouring community. The advantage of shared services is that they allow local governments the independence to act on local matters alongside cost and co-ordination advantages on the issues that transcend municipal boundaries.

It will be important to identify and thoroughly understand the existing barriers to a shared service approach in Eastern Ontario, as many municipalities may have little or no experience in this regard.

- ▶ **A feasibility study should be completed in the near term that explores the use of shared service agreements may be an appropriate first step in determining if service agreements are an appropriate method for service provision.**

- ▶ **Identifying best practice approaches from across Ontario, Manitoba, Alberta and elsewhere will provide further support for this approach, as many of the service agreements can be templated and leveraged by the region's municipalities at the local and upper tier level.**
- ▶ **The results of this investigation could be compiled in a tool-kit that includes: sample by-laws, dispute resolution, best practice inventory etc.**

## Underutilized Assets

Stakeholders further suggested that underutilized or vacant municipal and provincial assets infrastructure (i.e. land and buildings) could be more effectively leveraged to meet the immediate needs of businesses and entrepreneurs across the region. This could be further expanded to include vacant and underutilized private sector assets or time.

To accomplish this, consideration should be given to the following over the near term (12-18 months):

- ▶ **Cataloguing of underutilized and vacant regional assets (i.e. municipal land and buildings) as serviced or un-serviced;**
- ▶ **Development of an Request for Interest (RFI) process to invite adaptive re-use strategies for and actionable implementation plans that maximize the long term value of these underutilized assets; and**
- ▶ **Development of regional municipal land and building site selection tool to enable the effective marketing of these properties going forward.**





## 7 Implementation

The Eastern Ontario Economic Development Strategy sets out a strategic roadmap for economic development in the region. An implementation framework and series of operational plans will be critical to its execution if the Eastern Ontario Wardens` Caucus and its economic development partners are to achieve and successfully deliver on the strategy`s recommendations.

Effective implementation will also require region-wide collaboration across business, industry, institutions, associations and networks and economic development professionals. These partners will need to work together over the long term to achieve the vision of economic growth in Eastern Ontario

While there was significant optimism across the region on the prospects for business or economic success in many sectors, businesses and communities, respondents to online surveys and participants in one-on-one/small group interviews did not perceive the region as having been successful in promoting economic opportunity or in advocating for changes through which the region could capitalize on these opportunities.

While many stakeholders are looking to the Eastern Ontario Warden`s Caucus for leadership on the major issues impacting the region`s economy, it is worth pointing out that the EOWC is only one of many players that will need to be involved in the implementation of the Eastern Ontario Economic Development Strategy. In particular the EOWC and its partners will need to:

- ▶ **Collaborate with all regional stakeholders partners, and their related agencies associated with economic development to**

**ensure the adequate resourcing of the strategy;**

- ▶ **Work closely with the Provincial and Federal Governments to articulate and facilitate regional economic development activities that are mutually beneficial and meet with Eastern Ontario`s needs; and**
- ▶ **Promote the intent and objectives of the Plan to business and community stakeholders to ensure an ongoing level of engagement and commitment to the Plan`s implementation.**

